

**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 CON-
SIDERING:**

**CASE NO. 758
Order No. R-537**

**THE APPLICATION OF J. W. PEERY
FOR PERMISSION TO PRODUCE OIL
INTO A COMMON TANK BATTERY
FROM TWO WELLS ON HIS HARDY
(FEDERAL) LEASE, S/2 SE/4 SECTION
19, TOWNSHIP 21 SOUTH, RANGE 37
EAST, NMPM, IN EXCEPTION TO
RULE 303.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 16, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this th /4 day of October, 1954, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises;

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That applicant, J. W. Peery, is the owner of an oil and gas lease in Lea County, New Mexico, consisting of the following described acreage:

Township 21 South, Range 37 East
S/2 SE/4 of Section 19

known as the Hardy (Federal) lease.

(3) That in November, 1937 the Hardy No. 1 well was drilled in the SE/4 of SE/4, of Section 19, Township 21 South, Range 37 East, the well being completed at a total depth of 3778' in the Grayburg Formation of the Penrose-Skelly Pool. Subsequently the well was temporarily abandoned in 1947 because of low productivity. Recently production tests on this well indicate that it is capable of producing approximately 3 BOPD.

(4) That in July 1953 the Hardy No. 2 well was drilled in the SE/4 SE/4 of section 19, the well being completed in the Drinkard Pool. Production from this well has decreased to approximately 14 BOPD.

(5) That there is no division of royalty interest on the above described lease and the United States Geological Survey has offered no objection to the proposed commingling of oil produced from wells No. 1 and No. 2.

(6) That installation of additional tankage and lease equipment to provide separate tankage for the No. 1 well is not economically feasible, and that approval of this application would be in the interests of conservation, would prevent waste, and would result in a greater ultimate recovery of oil produced from the Penrose-Skelly Oil Pool.

IT IS THEREFORE ORDERED:

(1) That the application of J. W. Peery for permission to produce its No. 1 Hardy (Penrose-Skelly Pool) and its No. 2, Hardy (Drinkard Pool) into a common tank battery located in the S/2 SE/4 of Section 19, Township 21 South, Range 37 East, NMPM, be and the same hereby is approved.

(2) That periodic tests shall be made in order to ascertain the production from each well and separate production reports (Form C-115) shall be submitted on each well.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem
EDWIN L. MECHEM, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary