

In reply refer to:
Unit Division

May 19, 1959

File
1173

Skelly Oil Company
P. O. Box 1650
Tulsa 2, Oklahoma

ATTENTION: Mr. George W. Selinger

Gentlemen:

We wish to advise you that in reference to our telephone conversation of this date, and in regard to your letter dated May 12, 1959 we are amending our letter to Skelly Oil Company dated May 12, 1959.

The Sombrero Unit will be terminated June 8, 1959, however, in the event the Oil Conservation Commission has not issued an order on Skelly's application for establishment of a 640 acre drilling and spacing unit by this date, termination of the Sombrero Unit will be delayed pending the action and decision of the Oil Conservation Commission on the 640 acre spacing application.

I am sorry for the concern this has caused you, and it was our intention that the termination date would fall after the Oil Conservation Commission order was issued.

Very truly yours,
MURRAY E. MORGAN
Commissioner of Public Lands

BY:
Ted Bilberry, Supervisor
Oil and Gas Division

MEM/MMR/m

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OIL CONSERVATION COMMISSION

HOBBS, NEW MEXICO

June 19, 1958

Case 1173

file

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Mr. J. N. Dunlavey
Skelly Oil Co.
Box 38
Hobbs, New Mexico

Dear Mr. Dunlavey:

I have at hand a copy of the Land Office's approval to flare gas from your Sombrero Unit Well No. 1-E, Section 12, T-16-S, R-33-E contingent upon approval of this office, and your request of June 3, 1958.

Approval to flare gas for testing purposes is hereby granted for a period not to exceed 30 days and a volume not to exceed 700 MCFGPD.

Yours very truly,

OIL CONSERVATION COMMISSION

R. F. Montgomery
Proration Manager

RFM/mc

cc-A. L. Porter, Jr., Director
OCC, Santa Fe

Ted Bilberry
SLO, Santa Fe

In reply refer to:
Unit Division

June 16, 1958

File
1173

Skelly Oil Company
Box 38
Hobbs, New Mexico

Re: Sombrero Unit
E/2 Sec. 11, W/2 of
Sec 12-16-8-33E
Lea County, New Mexico

Attention: Mr. J. H. Dunlavey

Gentlemen:

We will have no objections to your venting the gas from the Sombrero Well No 1, as requested in your letter of June 10, 1958, providing you have the consent and approval of the New Mexico Oil Conservation Commission.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

BY:
Ted Bilberry, Supervisor
Oil and Gas Division

MEM/MSR/s
cc:

OCC - Santa Fe ✓
OCC - Hobbs

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RECEIVED
APR 12 1958 AM 6:33

In reply refer to:
Unit Agreement

April 11, 1958

Skelly Oil Company
Tulsa 2, Oklahoma

Case 1173

Re: Sombrero Unit
Lea County, New Mexico

Attention: Mr. T. F. Thompson

Gentlemen:

We are enclosing one approved copy of your application dated February 11, 1958. This application has been amended to provide for an extension of time in which to submit a Plan of Development.

Section 3-A of the Unit Agreement specifically states and specifies what a Plan of Development must contain, however, this same section does not limit the extension of time the Commissioner may grant for submission of an initial plan of development, other than stating he is authorized to grant a "reasonable" extension where such action is justified by circumstances.

Therefore, in view of the above, the Commissioner of Public Lands is approving an extension of time in which to file an initial Plan of Development for the period from February 14, 1958, to February 14, 1959.

Very truly yours,

MURRAY E. MORGAN,
Commissioner of Public Lands

BY:

Ted Bilberry, Supervisor
Oil and Gas Division

MEM/MMR/s
cc:

Oil Conservation Commission
Box 871
Santa Fe, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 28, 1958

C
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Skelly Oil Company
Box 1650
Tulsa 2, Oklahoma

Attention: T. F. Thompson

Re: Sombrero Unit Area
Lea County, New Mexico
1958 Plan of Development

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the 1958 Plan of Development for the Sombrero Unit Area, dated February 11, 1958, subject to like approval by the Commissioner of Public Lands of the State of New Mexico.

One approved copy of the Plan is returned herewith.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/RLS/ir

Enclosure



SKELLY OIL COMPANY

LAND AND LEASE DEPARTMENT

A. L. CASHMAN, VICE PRESIDENT
D. N. HILL, MGR. CENTRAL DIVISION
A. J. O'ROURKE, MGR. NORTHERN DIVISION
W. W. SIMPSON, MGR. SOUTHERN DIVISION
T. F. THOMPSON, MGR. LEASE RECORDS

TULSA 2, OKLAHOMA

February 11, 1958

Lease No. 58630 - Sombrero Unit
E2 Section 11 and W2
Section 12-16S-33E
Lea County, New Mexico
PLAN OF DEVELOPMENT

Commissioner of Public Lands
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico
Att: Unit Division

Oil Conservation Commissioner
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Gentlemen:

Section 3-A of the Sombrero Unit Agreement provides for the submission and approval of an acceptable Plan of Development and Operation within six (6) months from the date of completion of a well capable of producing unitized substances in paying quantities. Pursuant to our request of August 8, 1957, you granted us an extension of time for the filing of a Plan of Development until February 14, 1958.

The cumulative production from this well to date is 136,619 MCF with a total recovery of distillate of 13,764 barrels. The original pressure was taken on this well after a shut-in period of sixty-eight (68) hours for 6,869 p.s.i.g. The last pressure taken was on October 18, 1957, after a seventy-two (72) hour shut-in period for 5,850 p.s.i.g.

Production to date has been solely for drilling purposes, however, we have now entered into a Gas Purchase Contract dated

October 28, 1957, covering the sale of this gas to Phillips Petroleum Company which contract runs for a term of ten years, and on a month to month basis thereafter. Phillips has agreed to take or pay for gas within six (6) months from the date of said contract, however, we have been advised that completion of facilities for marketing this gas should be completed prior to that time. We therefore anticipate a continuous market for the production from this well some time prior to April 28, 1958.

With such a thin section of pay in a well drilled to approximately 13,200' and with the present pressure-production history on this well, we do not feel justified in recommending any further development on this unit. However, further pressure-production history, after a permanent gas connection is made, could change our opinion.

In view of the above, Skelly Oil Company, as operator, proposes that no additional drilling be had on the unit area for the period from February 14, 1958, to February 14, 1959. Prior to the expiration of the period covered by this Plan of Development, we will file another Plan of Development based on such additional data which will be available to us during the period of this Plan.

Please signify your approval of this Plan of Development in the space provided below and return one approved copy to us.

Yours very truly,

SKELLY OIL COMPANY

By: 
T. F. Thompson

Approved: _____
Commissioner of Public Lands

Date: _____

Subject to Like Approval by The Oil Conservation Commissioner

Approved: 
Oil Conservation Commissioner

Date: 3/28/58

Subject to Like Approval by The Commissioner of Public Lands

MAIN OFFICE OCC

11/SEP 4 AM 7:48

September 3, 1957

In reply refer to:
Unit Division

Skelly Oil Company
Tulsa 2, Oklahoma

file 117
Re: Sombrero Unit

Attention: Mr. T. F. Thompson

Gentlemen:

We are enclosing one copy of your request for Extension of Time ~~for~~ filing a Plan of Development for the Sombrero Unit, which was approved by the Commissioner of Public Lands September 3, 1957.

This approval is subject to the Plan of Development requiring the commencing of another well within thirty days from February 14, 1958.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

By: Ted Bilberry, Supervisor
Oil and Gas Department

MEM:MMR/m
Enc: 1

cc: OCC-Santa Fe

MAIN OFFICE OCC

1957 AUG 15 AM 8:21

August 14, 1957

File 1173

In reply refer to:
Unit Division

Skelly Oil Company
Tulsa 2, Oklahoma

Attention: Mr. T. F. Thompson

Re: Sombrero Unit Agreement -
Request for Extension of Time
for Filing Plan of Development

Gentlemen:

We have received your request for an extension to July 1, 1958, under Section 3-A of the Sombrero Unit Agreement.

Section 3-A provides within six (6) months after the completion of a well capable of producing in paying quantities, Skelly shall submit an acceptable plan of development and operation, therefore, that would be six months from February 14, 1957; which is on your C-105 as the completion date of this well, that date being August 14, 1957.

We feel that your request for an extension to July 1, 1958, or for one year, is not a reasonable extension.

We would consider a six months extension ample and that the plan of further development which is submitted at that time should call for the commencing of another well within thirty days from the submission of your plan of further development. This would be granting you a seven months extension in which to start drilling another well.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

By: Ted Bilberry, Supervisor
Oil and Gas Department

G:MMR/m

OCC-Santa Fe

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 12, 1957

Mr. Randall Montgomery
Oil Conservation Commission
P.O. Box 2045
Hobbs, New Mexico

Dear Randall:

This will refer to our recent conversations and your letter of March 5th in regard to a testing period for Skelly's No. 1 Well in the Sombrero Unit in Lea County. From the facts set forth in your letter as to the depth of the well and its cost and the relative value of the gas that would be vented during the testing period, it seems to us that the request for a ninety-day testing period is reasonable. It is our feeling, after a discussion with Mr. Cooley of the Commission legal staff, that you, as District Supervisor, are empowered to grant the ninety-day testing period.

It is our suggestion, however, that in notifying the operator of our approval, you assure them that it will be necessary for them to secure approval from the State Land Office since the well is located on state land. We would further suggest that the operator give us a written report on the tests that are to be conducted at the end of each thirty-day period. The authorized ninety-day testing period should begin on the completion date as shown on the operator's Form C-104.

Yours very truly,

A. L. Porter, Jr.
Secretary - Director

ALP:bp

CC-Skelly Oil Co.
Box 38, Hobbs

State Land Office

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GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

New Mexico

OIL CONSERVATION COMMISSION

LAND COMMISSIONER MURRAY E. MORGAN
MEMBER

STATE GEOLOGIST A.L. PORTER JR.
SECRETARY DIRECTOR



P. O. BOX 2045
HOBBS, NEW MEXICO

March 5, 1957

1303
Cecil Rowland

Mr. A. L. Porter, Jr., Director
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

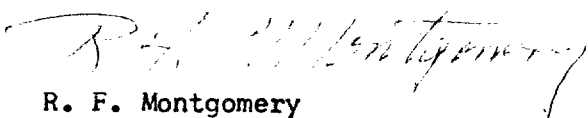
In answer to your request of March 1, 1957 concerning the testing period on the Skelly Oil Company Well No. 1 in the Sombrero Unit, it is my recommendation that the 90 day testing period be granted.

The reasons for recommending this extended testing period are due to the well known fact that Pennsylvanian reservoirs are historically short in life. Examples are the El Paso Welch Unit that had an IP of over 100,000 MCFGPD and in a few months was depleted. The Humble Chalk Bluff Area, and the Skelly Dow Area are all examples of initially good wells, but have not held up under production as was expected. However we hope this reservoir is better. Further reasons being that the depth of some 13,000 feet is an expensive depth to reach. However the operator will probably develop the area if proven that it is an economical venture. The cost of the No. 1 Well was over \$350,000 and the value of 1,000 MCFGPD for 90 days would be \$9,000. The 1,000 MCF is the estimated maximum amount that would be vented since a contract has been signed with a drilling contractor to furnish gas, with the stipulation that 3 days out of each month the well will be shut in for testing. It is estimated the rig will need 300 MCFGPD.

Presently no market is available for the sale of gas; however if the reservoir is evaluated and proves to be worth drilling, undoubtedly gas transmission lines would be laid.

Yours very truly,

OIL CONSERVATION COMMISSION


R. F. Montgomery
Proration Manager

RFM/mc

Case 1173

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

March 1, 1957

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Mr. Randall Montgomery
Oil Conservation Commission
P.O. Box 2045
Hobbs, New Mexico

Dear Mr. Montgomery:

I am in receipt of a letter from Skelly Oil Company under date of February 27th requesting a 90 day testing period for their No. 1 Well in the Sombero Unit, Lea County, for the purpose of evaluating reservoir data. As you have previously advised, this matter has already been brought to your attention by Mr. Ramey of the Hobbs Office of Skelly Oil Company. It is my understanding of Skelly's request that it is their desire to produce the well for 30 days, then conduct a series of tests, produce for another 30 days, conduct further tests and etc., for three such periods. The first reaction of the technical staff of the Santa Fe Office is that the tests should probably be on a continuous basis and that Skelly's purpose can probably be accomplished in less than 90 days.

I would like for you to give this matter further study, discuss it with Mr. Fischer and Mr. Runyan of your staff and let me have your recommendations as soon as possible. In your study, it might be well for you to determine whether or not the well has been tested in other zones.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

ALP:bp

CC-Mr. George Selinger
Box 1650
Tulsa, Okla.

Mr. J. N. Dunlavey
Box 38
Hobbs, New Mexico



SKELLY OIL COMPANY

TULSA 2, OKLAHOMA

PRODUCTION DEPARTMENT
C. L. BLACKSHER, MANAGER

February 27, 1957

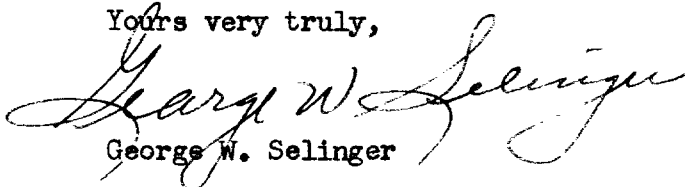
Re: Sombero Unit
Secs. 11 - 12 - Twp 16S - Rge 33 E

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Sir:

The No. 1 well was recently completed as a gas-distillate discovery in the Atoka formation, Lea County, New Mexico, and we are respectfully requesting the testing period of 90 days to evaluate reservoir data, to permit us to have three 30 day testing periods. That is at the end of each 30 days conduct a series of tests and we feel that three of such testing periods are necessary to properly evaluate this reservoir which is approximately six to seven feet in thickness.

Yours very truly,


George W. Selinger

GWS:dc

cc: Mr. Randall Montgomery
New Mexico Oil Conservation Commission
Hobbs, New Mexico

Mr. Dunlavey

File 1173

December 4, 1956

In reply refer to:
Unit Division

Skelly Oil Co.
Tulsa 2, Oklahoma

Re: Sombrero Unit -
E/2 of Section 11 and W/2
of Section 12-16S-33E,
Lea County, New Mexico

Attention: Mr. W. J. Stewart
Lease Records Division

Gentlemen:

We are enclosing one copy of The Sombrero Unit Agreement, Lea County, New Mexico, which was approved by the Commissioner of Public Lands December 4, 1956, and approved by New Mexico Oil Conservation Commission Order No. R-922 November 22, 1956.

Please furnish this office with an approved copy of your C-101 and all further reports including C-105.

Also enclosed is Official Receipt No. D-132566 in the amount of \$10.00 covering your filing fee.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

ESW:MMR/m
enc: 2

cc: OOC-Santa Fe

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 29, 1956

C

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Mr. George W. Selinger
Skelly Oil Company
P. O. Box 1650
Tulsa 2, Oklahoma

Dear Sir:

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We enclose a signed copy of Order R-922, issued on November 27, 1956, by the Oil Conservation Commission in Case 1173, which was heard on November 13, 1956.

Very truly yours,

Y

A. L. Porter, Jr.
Secretary-Director

jh
encl.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

October 31, 1956

In reply refer to:
Unit Division

Skelly Oil Co.
Tulsa 2, Oklahoma

Re: Sombrero Unit -
E/2 of Section 11 and
W/2 of Section 12-16S-33E,
Lea County, New Mexico

Attention: Mr. W. J. Stewart

Gentlemen:

We have received two executed copies on the above described proposed Unit Agreement. In accordance with my telephone conversation with Mr. Stewart, we are returning these copies to you with copies of our suggested changes and additions to your Unit.

We would suggest that this is not a Declaration of Communitization but "The Sombrero Unit Agreement," and it should be so described. This office requires two executed copies for our files.

This Unit Agreement will be approved as to form and context by our attorney, and we will notify you by letter. However, the Unit Agreement will not be approved until after your hearing before the New Mexico Oil Conservation Commission on November 13, 1956, and their order on this case has been issued.

Please feel free to call on us if we can be of further assistance to you.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

ESW:MMR/m
enc: 3
cc: OCC-Santa Fe