

**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. 1440
Order No. R-1237**

**APPLICATION OF SKELLY OIL COMPANY
FOR AN ORDER ESTABLISHING TEMPORARY
80-ACRE SPACING AND PROMULGATING
SPECIAL RULES AND REGULATIONS FOR
THE OTERO-GALLUP OIL POOL IN RIO
ARRIBA 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 13th day of August, 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, seeks the establishment of temporary 80-acre spacing and the promulgation of special rules and regulations for the Otero-Gallup Oil Pool, Rio Arriba County, New Mexico.

(3) That the applicant has failed to prove that the Otero-Gallup Oil Pool can be efficiently drained and developed on an 80-acre spacing pattern.

(4) That the drilling and spacing of wells in the Otero-Gallup Oil Pool should continue to be governed by Rule 104 of the Commission Rules and Regulations.

-2-

Case No. 1440

Order No. R-1237

(5) That in view of the high gas-oil ratios generally encountered in the Otero-Gallup Oil Pool, the gas-oil ratio limitation should be increased from 2000 cubic feet of gas per barrel of oil to 6000 cubic feet of gas per barrel of oil for all wells in said pool, effective September 1, 1958.

(6) That in order to prevent waste, no casinghead gas should be flared nor vented in the Otero-Gallup Oil Pool after August 31, 1958.

(7) That applicant failed to establish any justification or need for authorizing the transfer of allowables from high gas-oil ratio wells to lower gas-oil ratio wells in the Otero-Gallup Oil Pool.

IT IS THEREFORE ORDERED:

(1) That the application of Skelly Oil Company for the establishment of temporary 80-acre spacing and for the transfer of allowables from high gas-oil ratio wells to lower gas-oil ratio wells in the Otero-Gallup Oil Pool in Rio Arriba County, New Mexico, be and the same is hereby denied.

(2) That the drilling and spacing of wells in the Otero-Gallup Oil Pool shall continue to be governed by Rule 104 of the Rules and Regulations of the Oil Conservation Commission of New Mexico.

(3) That effective September 1, 1958, the gas-oil ratio limitation shall be increased from 2000 cubic feet of gas per barrel of oil produced to 6000 cubic feet of gas per barrel of oil produced for all wells within the defined limits of the Otero-Gallup Oil Pool and for all wells within one mile therefrom.

(4) That after August 31, 1958, no casinghead gas shall be flared nor vented from any well within the defined limits of the Otero-Gallup Oil Pool nor from any well within one mile therefrom.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

S. L. Mechem
EDWIN L. MECHEM, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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

