

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF SKELLY )  
OIL COMPANY FOR AN ORDER AUTHORIZING A )  
WATERFLOOD ON ITS JICARILLA "B" LEASE BY )  
THE INJECTION INTO TWO WELLS LOCATED IN )  
SECTION 32, TOWNSHIP 25 NORTH, RANGE 5 )  
WEST, OTERO-GALLUP POOL, RIO ARRIBA COUNTY,) )  
NEW MEXICO. )

CASE NO. 3856

A P P L I C A T I O N

Comes now Skelly Oil Company and alleges and states:

1. That it is a Delaware corporation authorized to do business in the State of New Mexico, and that it is operating wells on its Jicarilla "B" lease located in Sections 31 and 32, Township 25 North, Range 5 West, and Sections 5 and 6, Township 24 North, Range 5 West, Rio Arriba County, New Mexico.

2. That the oil wells on this lease have declined in production to near the economic limit, and that of the 22 wells on the Jicarilla "B" lease all produced Gallup oil except Wells 1, 21 and 22, and that the current production from the six active oil wells is less than 40 barrels of oil per day.

3. That in order to recover oil which would not otherwise be recovered and to increase the ultimate recovery, applicant proposes to conduct a waterflood project on said lease by injecting water into the Gallup formation, Otero-Gallup Pool, in its Jicarilla "B" Well No. 5, located in Unit "L" of Section 32, and Well No. 6, located in Unit "F" of Section 32, both in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

4. That based on the performance and information gained from the injection into the aforementioned two wells the applicant may request administrative approval to expand the project and to convert additional wells.

5. That attached hereto and made a part hereof is Exhibit "A", a plat showing the location of the proposed injections wells and the location of all other wells within a radius of two miles from the proposed injection wells and the formation from which said wells are producing or have produced. The plat also indicates the lessees within the aforementioned two-mile radius.

6. That attached hereto and made a part hereof is Exhibit "B", a log of the proposed injection wells.

7. That attached hereto and made a part hereof is Exhibit "C", a diagrammatic sketch of the proposed injection wells showing all casing strings, including diameter and setting depths; quantities used and tops of cement; perforation interval; tubing strings, including diameter and setting depths; and the type and location of packers.

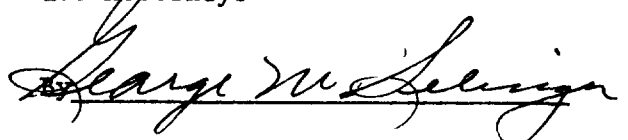
8. That applicant proposes to inject into the Gallup formation through perforations 5,948-6,064' in Well No. 5, and through perforations 6,031-6,151' in Well No. 6. A water supply source has been completed in Well No. 17 on said lease in the Ojo Alamo from perforation between the intervals of 2,010-2,125', and that an initial injected volume of 1,500 barrels of water per day is planned into the two wells at a maximum pressure of 1,250 psi.

WHEREFORE, PREMISES CONSIDERED, applicant prays that this Commission set this matter down for hearing, that notice hereof be given as required by law, and that at the conclusion of said hearing based on the evidence adduced, the Commission enter its order granting Skelly Oil Company permission to conduct a waterflood project in the Otero-Gallup Pool, on the Jicarilla "B" lease through injection in its Wells 5 and 6, and to further provide for administrative expansion of the project area and the conversion of additional wells by administrative means without the necessity of separate hearings, and for such other orders, rules and regulations as may be necessary in the premises.

Respectfully submitted,

SKELLY OIL COMPANY

George W. Selinger  
Ronald J. Jacobs  
Its Attorneys



Of Counsel:  
Mr. L. C. White  
White, Gilbert, Koch & Kelly  
P. O. Box 787  
Santa Fe, New Mexico