

Box 38, Hobbs, New Mexico
May 5, 1955

Re: IN THE MATTER OF APPLICATION OF
SKELLY OIL COMPANY SEEKING ADMINISTRATIVE
APPROVAL FOR AN EXCEPTION TO RULE
5 (a) ORDER R-520 FOR A NON-STANDARD
320 ACRE GAS UNIT COMPRISING THE S/2
SECTION 3, TOWNSHIP 24 SOUTH, RANGE
36 EAST, N.M.P.M., IN THE JALMAT GAS
POOL, LEA COUNTY, NEW MEXICO.

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Dear Sir:

Comes now SKELLY OIL COMPANY, a Delaware corporation with offices in Tulsa, Oklahoma and Hobbs, New Mexico, hereby petitioning the Secretary of the New Mexico Oil Conservation Commission for administrative approval of a non-standard 320-acre unit lying wholly within the horizontal limits of the Jalmat Gas Pool, Lea County, New Mexico, and in support thereof does state:

1. That the petitioner is the sole owner of all oil and gas leases held on the 320 acres confined by the boundaries of S/2 Section 3, Township 24 South, Range 36 East, N.M.P.M., the Jalmat Gas Pool, Lea County, New Mexico, and concerns but a single royalty owner.
2. That the petitioner's Coats Well No. 2 is located 660' from the South Boundary and 1980' from the West boundary of the lease and section and is completed entirely within the vertical limits of the Jalmat Gas Pool as defined by the New Mexico Oil Conservation Commission.
3. That the petitioner's lease is capable of production by virtue of its production history and offset production.
4. That the petitioner's well was originally drilled to and completed in the Cooper-Jal Oil Pool in 1935 and produced from that zone until April, 1955, at which time, after extensive testing of all possible oil zones, the well was plugged back in conformance to the Commission's specifications and re-completed as a gas well which tested at the rate of 2,600 MCF against a back pressure of 100 psig.
5. That all lands described above, and contained within the limits of the proposed proration unit, are contiguous and lie within the limits of a single legal subdivision (section) of the U. S. Public Land Survey.
6. That a plat showing the above described lands and all offset properties indicating well locations and lease ownership to the best of our knowledge is hereto attached.

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7. That one gas well can efficiently drain as much as 320 acres in the Jalmat Gas Pool; therefore, the approval of this petition will prevent the drilling of an unnecessary well, thus preventing economic waste.

8. That all offset operators are hereby notified by a copy of this application.

Wherefore, the petitioner requests that, in the interest of conservation and protection of correlative rights, the Secretary of the Commission grant an exception of Rule 5 (a), Order No. R-520, without hearing, by which the petitioner may operate the above described lands as a single unit.

Respectfully submitted,

SKELLY OIL COMPANY


J. N. Dunlavy

JND/JDR/b

cc: Kan Max Corporation
Dallas National Bank
Dallas, Texas

Sunray Oil Corporation
306 Wilkinson-Foster Building
Midland, Texas

Cities Service Oil Company
Box 97
Hobbs, New Mexico

Humble Oil & Refining Company
c/o R. S. Dewey
Box 1600
Midland, Texas

Stanolind Oil & Gas Company
Box 899
Roswell, New Mexico

Mr. G. W. Selinger
Box 1650
Tulsa, Oklahoma