200 oce 4-14-54 DC-106

Box 38, Hobbs, New Mexice April 12, 1954

> RE: IN THE MATTER OF SKELLY OIL COMPANY'S APPLICATION TO DUAL COMPLETE ITS E. L. STEELER WELL NO. 7 IN THE PENROSE SKELLY OIL POOL AND IN THE LANGMAT GAS POOL, LEA COUNTY, NEW MEXICO

OIL CONSERVATION COMMISSION STATE OF NEW MEXICO SANTA FE, NEW MEXICO

Gentlemen:

Comes new SKELLY GIL COMPANY, a Delaware corporation, with offices in Tulsa, Oklahoma and Hobbs, New Mexico, who, by this letter of application, wishes to make the following statements:

- a. SKELLY OIL COMPANY is the sole owner of an oil and gas lease consisting of the NEt, and NWt, SEt, and N2 SWt, and SWt, SWt of Section 17-T239-R-37E, Lea County, New Nexico, known as its E. L. Steeler lease.
- b. That the SKELLY OIL COMPANY, E. L. Steeler Well No. 7 is located 1980' from the South line and 660' from the West line of Section 17-T23S-R37E.
- c. That the applicant, SKELLY OIL COMPANY, does plan to complete the subject well in the following manner:
  - 1. Set 7" OD casing below the top of the Queen formation at a depth of 3440'.
  - 2. Complete the cil producing Queen formation in open hole below the 7" OD casing at a total depth of 3635'.
  - 3. Set a Brown Oil Tool Packer at 3300' to segregate the two producing sense.

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- b. She the till of other and the fail No. 7 is located 1980' from the South Line and 600' from the West line of Souther 17-227-2070.
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- (a) how it's the air (contrains one correction in open holds offer the theory contract of a contraction of 3635".

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- 4. Perforate the 7" OD easing in the Yates and Seven Rivers section between 2800' and 3100' all in the vertical limits of the Languat Gas Pool.
- 5. Produce the Penrose-Skelly oil through the tubing and the Langmat gas through the tubing-casing annulas.
- d. That the method and manner in which the applicant proposes is both mechanically feasible and practical.
- e. That all rules and regulations set out by the New Mexico Oil Conservation Commission will be complied with, both in the completion and operation of this well.
- f. That a diagrammatic sketch of the proposed operation and a plat of the area showing the location of the well and its relation to all offset operators is hereto attached, complete and accurate to the best of our knowledge.
- g. That all effect operators are hereby notified by a copy of this application.

Therefore, applicant prays the Commission grant permission to dual complete the subject well, as proposed in this application, in the interest of conservation and protection of correlative rights.

Respectfully submitted,

SKELLY OIL COMPANY

Dunlavey

J. N. Dunlavey Dist. Supt.

JND : MEC :m

cc: Samedan Oil Corp. Amerada Petroleum 502 V & J Tower Drawer "D" Nidland, Texas Hobbs, New Mexico

> Continental Oil Co. V Western Natural Gas Co. Box 427 823 Midland Tower Hobbs, New Mexico Midland, Texas

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