

Case No.

804

Application, Transcript,
Small Exhibits, Etc.

**BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF CON-
SIDERING:**

**CASE NO. 804
Order No. R-587**

**THE APPLICATION OF THE AMERADA
PETROLEUM CORPORATION FOR AN
ORDER GRANTING APPROVAL OF AN
EXCEPTION PURSUANT TO RULE 5 (a)
OF ORDER NO. R-520 IN THE ESTABLISH-
MENT OF A NON-STANDARD GAS PRORA-
TION UNIT OF 240 ACRES CONSISTING OF
THE NW/4 AND W/2 NE/4 OF SECTION 32,
TOWNSHIP 19 SOUTH, RANGE 37 EAST,
NMPM, LEA COUNTY, NEW MEXICO, IN
THE EUMONT GAS POOL.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on December 16, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission".

NOW, on this th16 day of February, 1955, the Commission, a quorum being present, having considered the record and the testimony adduced at said hearing, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to the provisions of Rule 5 (a) of Order No. R-520, the Commission has authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.

(3) That the applicant, Amerada Petroleum Corporation, is the owner of oil and gas leases covering the E/2 NW/4 and the W/2 NE/4 of Section 32, Township 19 South, Range 37 East, consisting of approximately 160 acres.

(4) That the applicant, Amerada Petroleum Corporation, proposes to communitize said lands with the W/2 NW/4 of Section 32, Township 19 South, Range 37 East, which land is leased from the State of New Mexico by Amerada Petroleum Corporation, to form a non-standard gas proration unit consisting of 240 acres.

Case No. 804
Order No. R-587

(5) That the applicant, Amerada Petroleum Corporation, has a producing gas well on the aforesaid lease or leases known as Amerada Petroleum Corporation State "U" No. 1, located 660' from the west line and 1980' from the north line of Section 32, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico.

(6) That said well was completed and on production prior to August 12, 1954, the effective date of Order No. R-520, and is located within the limits of the pool heretofore delineated and designated as the Eumont Gas Pool.

(7) That the entire non-standard proration unit as herein proposed may be assumed productive of gas from the Eumont Gas Pool.

(8) That there have been no objections to the formation of the proposed 240-acre non-standard proration unit.

(9) That unless a proration unit consisting of the aforementioned acreage is permitted, applicant will be deprived of the full use and value of the leases herein described and the gas well located thereon.

(10) That the creation of the proration unit herein described is in the interests of conservation and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Amerada Petroleum Corporation for the approval of a non-standard proration unit in the Eumont Gas Pool be and the same hereby is approved, and a proration unit consisting of the following described acreage is hereby created:

TOWNSHIP 19 SOUTH, RANGE 37 EAST
Section 32: NW/4, W/2 NE/4

containing 240 acres, more or less.

(2) That applicant's well, Amerada Petroleum Corporation State "U" No. 1, located in SW/4 NW/4 of Section 32, Township 19 South, Range 37 East, NMPM, shall be granted an allowable in the proportion that the above described 240-acre proration unit bears to the standard or orthodox proration unit for the Eumont Gas Pool, such allowable to date from the first day of the proration month next succeeding the approval of the communitization agreement heretofore mentioned, by the Commissioner of Public Lands, all until further order of the Commission.

PROVIDED FURTHER, that applicant shall furnish the Commission with an approved copy of said communitization agreement.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Secretary and Member

MAIL ROOM (C)

100-100000

Case #806

July 12, 1955

Amerada Petroleum Corporation
Beacon Building
P.O. Box 2040
Tulsa, Oklahoma

Re: Amerada State "U" No. 1
Communitization, Lee County
Bumont Gas Pool
Sec. 32-196-37E

Attn: F. W. Hulciner
Land Department

Gentlemen:

We are enclosing one copy of the above designated
Communitization, which was approved by the Commissioner
of Public Lands July 12, 1955. We are transmitting one
approved copy to the Oil Conservation Commission as per
your request.

Please remit filing fee in the amount of five dollars
(\$5.00) at your earliest convenience.

Very truly yours,

E. J. WALKER
Commissioner of Public Lands

Encl.
cc: OGC-Santa Fe
1 copy agreement
MFR:m

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COMMUNITIZATION AGREEMENT

Amerada State "U" No. 1

RECORDED
2 11 8 00 AM '36

THIS AGREEMENT, made and entered into this 1st day of July, 1955,
by and between the STATE OF NEW MEXICO, acting by and through its Commissioner
of Public Lands, hereinafter called "lessor" and AMERADA PETROLEUM CORPORATION,
a corporation, hereinafter called "lessee", or "Amerada".

W I T N E S S E T H:

WHEREAS, Amerada is the present owner of the following valid and ex-
isting oil and gas leases covering lands in Lea County, New Mexico:

1. Lease No. B-1428, dated December 5, 1932 from the State of New Mexico, acting by and through its Commissioner of Public Lands, as lessor, covering the NW/4 NW/4 and the SW/4 NW/4 Section 32-19S-37E;
2. Lease dated July 29, 1932, from Monument Townsite Company, a corporation, C. A. Scheurich, Nelle G. Scheurich, L. R. Hammond, Grace Hammond, F. M. Payton and Eva C. Payton as lessors, covering the E/2 NW/4 and W/2 NE/4 Section 32-19S-37E, recorded in Book 24 at Page 169 of the records of said County;
3. Lease dated January 4, 1933, from E. E. Jack as lessor, covering the E/2 NW/4 and SW/4 NE/4 of Section 32-19S-37E, recorded in Book 24 at Page 315 of the records of said County;
4. Lease dated February 20, 1931, from D. F. Larsen as lessor, covering the E/2 NW/4 and W/2 NE/4 of Section 32-19S-37E, recorded in Book 18 at Page 208 of the records of said County;
5. Lease dated March 5, 1935, from Midland Oil Company, as lessor, covering the North 56 acres of the E/2 NW/4 and North 56 acres of the W/2 NE/4 of Section 32-19S-37E, recorded in Book 18 at Page 575 of the records of said County;
6. Lease dated August 19, 1935, from D. F. Larsen, as lessor, covering the lessor's undivided interest in the E/2 NE/4 and W/2 NE/4 of Section 32-19S-37E, recorded in Book 26 at Page 294 of the records of said County;
7. Lease dated December 24, 1935, from Saltmount Oil Company as lessor, covering the E/2 NW/4 and W/2 NE/4 of Section 32-19S-37E, recorded in Book 28 at Page 90 of the records of said County;
8. Lease dated April 8, 1936, from Gumpaw Trading Company, Inc., and Midland Investment Company of Fort Worth, Texas, covering the E/2 NW/4 and W/2 NE/4 of Section 32-19S-37E, recorded in Book 29 at Page 443 of the records of said County, and

WHEREAS, Amerada desires to communitize and pool said oil and gas leases
as to the lands above described in order to form one tract or unit for the produc-
tion of gas from the Pumont Gas Pool as follows:

Township 19 South, Range 31 East, BLM
Section 32: NW/4 and W/2 NE/4
containing 10 acres, more or less,

hereinafter referred to as "Communitized Area" and to operate said Communitized Area for the production of gas as an entirety in accordance with the terms and provisions of this agreement.

WHEREAS, in Case No. 804 before the Oil Conservation Commission of the State of New Mexico, it was decreed by Order No. R-587 that:

(1) The application of Amerada Petroleum Corporation for approval of a non-standard proration unit in the Eumont Gas Pool be, and the same hereby is approved, and a proration unit consisting of the above described acreage is hereby created.

(2) Applicant's well, Amerada-State "U" No. 1, located in the SW/4 NW/4 of Section 32, Township 19 South, Range 37 East, NMPM, shall be granted an allowable in the proportion that the above described 240-acre proration unit bears to the standard or orthodox proration unit for the Eumont Gas Pool, all until further Order of the Commission.

NOW, THEREFORE, in consideration of the premises, it is agreed by and between lessor and lessee as follows:

1. The term "gas" as used herein shall mean all hydrocarbons produced and saved from any well on the Communitized Area, which is classified as a gas well in the Eumont Gas Pool, by the New Mexico Oil Conservation Commission.

2. The Communitized Area above described shall be developed and operated as an entirety for the production of gas from the Eumont Gas Pool, with the understanding and agreement that the gas so produced from the Communitized Area shall be allocated among the leaseholds comprising the Communitized Area in the proportion that the acreage interest of each leasehold bears to the entire acreage of the Communitized Area. The royalties payable for gas so allocated to the lands comprising the leaseholds and the rentals provided for therein shall be determined and paid on the basis respectively prescribed in the individual leases.

3. Amerada shall be Operator of said Communitized Area and all matters of operation shall be performed by Amerada. There shall be no obligation on Amerada to offset any gas well or wells on separate component tracts into which said Communitized Area is now or may hereafter be divided, nor shall Amerada be required to separately measure said gas by reason of the diverse ownership thereof, but Amerada shall not be released from its obligation to protect said Com-

munitized Area from drainage by a gas well or wells which may be drilled offsetting said Communitized Area.

4. Except as herein modified and changed, the oil and gas leases hereinabove described, shall remain in full force and effect as originally made and issued. It is further agreed that the commencement, completion, continued operation or production of a well or wells for gas on the Communitized Area from the Eumont Gas Pool as an entirety shall be construed and considered as the commencement, completion, continued operation or production as to each lease committed hereto.

5. All production of gas and disposal thereof shall be in conformity with allocations, allotments and quotas made and fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. The provisions of this agreement shall be subject to all applicable Federal or State statutes or executive orders, rules and regulations which affect performance of any of the provisions of this agreement, and Amerada shall not suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by or if such failure results from compliance with any such law, rule or regulation.

6. This agreement shall be effective as of the date hereof, upon execution by the parties hereto, notwithstanding the date of execution, and shall remain in force and effect for a period of two (2) years and as long thereafter as gas is produced from any part of said Communitized Area in paying quantities. Provided, however, that after the expiration of said two (2) year period should the unit well or wells be reclassified by the New Mexico Oil Conservation Commission, or should the Communitized Area cease to produce gas in paying quantities for any cause, this agreement shall not terminate if within six (6) months after the date of any such reclassification, or the cessation of such production, Amerada shall commence operations for the purpose of restoring gas production from the Communitized Area, in which event this agreement shall remain in full force and effect during the period such operations are being diligently prosecuted, and as long thereafter as gas is produced in paying quantities.

7. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their successors and assigns.

IN WITNESS WHEREOF, the parties have executed this agreement on
the day and year first hereinabove written.

STATE OF NEW MEXICO

By Esworcher
Commissioner of Public Lands
July 12, 1955

ATTEST:

Amerader
Assistant Secretary

AMERADA PETROLEUM CORPORATION

By Estim Colson
Executive Vice President

[Handwritten initials and signatures]

STATE OF OKLAHOMA)
COUNTY OF TULSA) SS:

On this 7th day of July, 1955, before me appeared
E. H. McCLELLON, to me personally known, who,
being by me duly sworn, did say that he is the Executive Vice President of
AMERADA PETROLEUM CORPORATION, and that the seal affixed to said instrument is
the corporate seal of said corporation and that said instrument was signed and
sealed in behalf of said corporation by authority of its Board of Directors, and
said E. H. McClellon acknowledged said instrument to be the
free act and deed of said corporation.

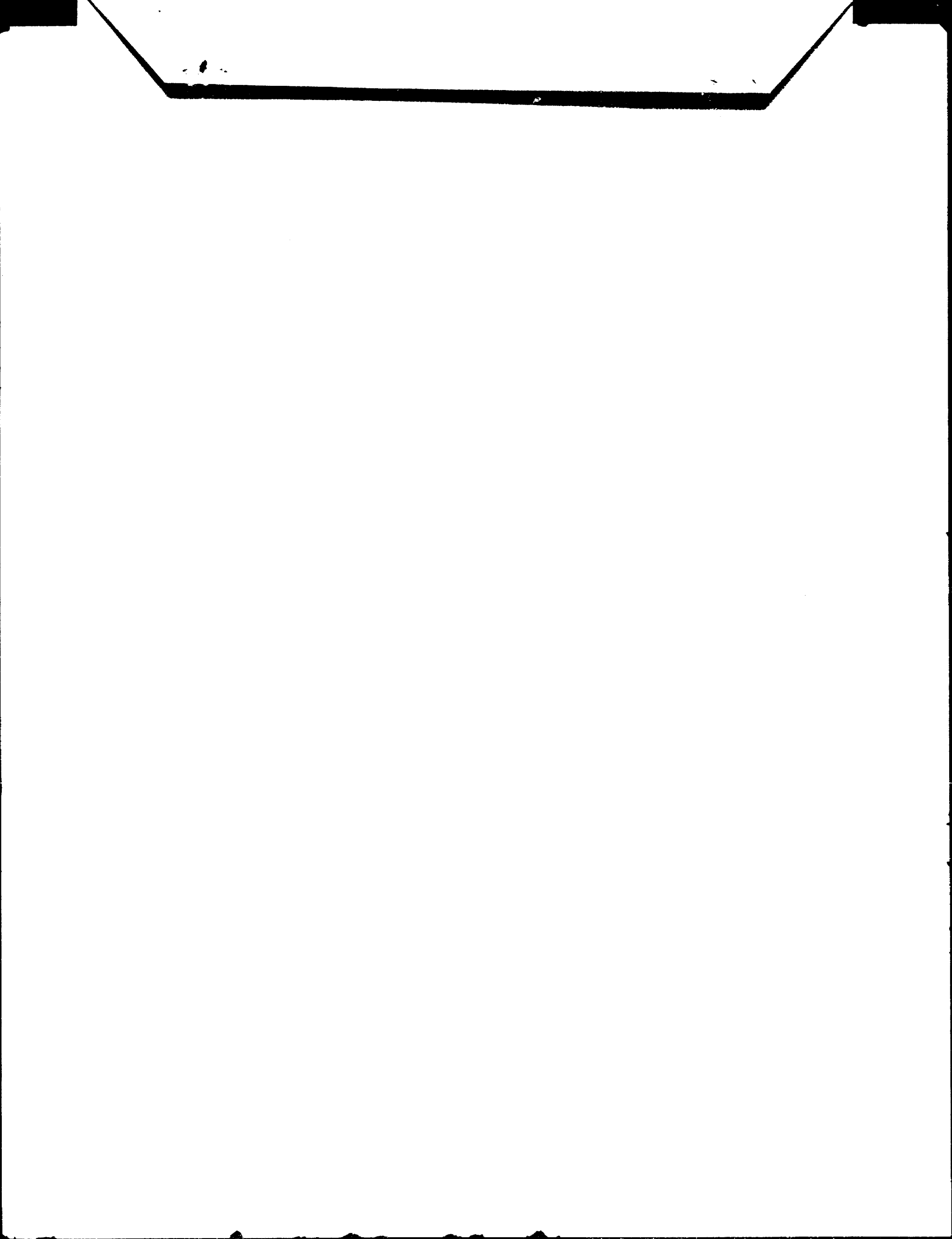
Given under my hand and seal this 7th day of July, 1955.

My commission expires:

MARY DEAN L. ...

Mary Dean L. ...
Notary Public

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GENERAL OFFICES
120 BROADWAY NEW YORK

AMERADA PETROLEUM CORPORATION

BEACON BUILDING
P. O. BOX 2040

TULSA 2, OKLA.

November 24, 1954

MAIN OFFICE 000

11:48

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Re: Application for Exception to Rule
5(a), Order No. R-520 for Amerada
Petroleum Corporation State "U" No. 1.

Gentlemen:

By this letter of application Amerada Petroleum Corporation
wishes to state the following:

- (1) That Amerada Petroleum Corporation State "U" No. 1 located 660 feet FWL and 1980 feet FNL of Section 32, T19S, R37E, was recompleted as a dual oil and gas well January 24, 1954 under authority of C.C.C. Order No. R-301, dated March 31, 1953.
- (2) That the subject well is producing gas from the Eumont Gas Pool and assigned a non-standard gas proration unit of 80 acres which comprises the W/2 of the NW/4 of Section 32, T19S, R37E.
- (3) That applicant owns oil and gas leases covering the E/2 of the NW/4 and the W/2 of the NE/4 of Section 32, T19S, R37E, consisting of approximately 160 acres.
- (4) That applicant proposes to communitize said lands with the W/2 of the NW/4 of Section 32, T19S, R37E, to form a non-standard proration unit for gas consisting of 240 acres.

- (5) That this proposed non-standard proration unit for gas consists of contiguous quarter-quarter sections, and does not exceed 5280 feet in length or width.
- (6) That by copy of this letter of application all offset operators are notified.

Therefore, Amerada Petroleum Corporation requests that the Oil Conservation set a certain day upon which this application may be heard and after said hearing to grant permission in order that Applicant may increase the gas unit for the subject well as proposed in this application.

Respectfully submitted,

AMERADA PETROLEUM CORPORATION

By R. S. Christie
R. S. Christie

Attach: Area Plat

cc: Gulf Oil Corporation
Box 667
Hobbs, New Mexico

The Texas Company
Box 1270
Midland, Texas

Tidewater Associated Oil Company
Box 1404
Houston, Texas
Attention: Mr. J. B. Holloway

Ohio Oil Company
Box 552
Midland, Texas
Attention: Mr. D. K. Spellman

Atlantic Refining Company
Box 871
Midland, Texas

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 804

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 16, 1954

IN THE MATTER OF:

Amerada Petroleum Corporation's application
for approval of a non-standard gas proration unit in : Case
the Eumont Gas Pool: E/2 NW/4, W/2 NE/4 and W/2 NW/4::No. 804
of Section 32, Township 19 South, Range 37 East, Lea :
County, New Mexico.

BEFORE:

Mr. E. C. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING
(See case No. 796)

R. S. CHRISTIE,

called as a witness, having been previously duly sworn in Case No.
796, and having testified in said case, further testified as
follows:

DIRECT EXAMINATION

By: MR. WOODWARD:

Q Mr. Christie, will you describe the proposed proration
unit in Case 804.

A The proposed unit in Case 804 is the west half of the
northwest quarter of Section 32, Township 19 South, Range 37 East,
and the east half of the northwest quarter and the west half of the
northeast quarter of Section 32, Township 19 South, Range 37 East.

Q All the acreage in this proposed unit is then within the
same section and it is all contiguous, is that correct?

A That is correct.

Q And this application has been presented under Rule 5-a of
Order 520 in lieu of obtaining waivers, is that correct?

A That is correct, yes, sir.

Q Will you locate the unit well?

A The unit well is in the southwest quarter of the northwest quarter of Section 32, Township 19 South, Range 37 East.

Q In your opinion will this well drain the proposed non-standard unit efficiently?

A In my opinion I believe it will, yes, sir.

Q Will the establishment of this unit protect correlative rights and prevent waste?

A Yes, sir.

MR. WOODWARD: We would like to introduce Amerada's Exhibit A in Case 804, which is a plat of the proposed unit.

MR. MACEY: Is there any objection to the introduction of the exhibit by Amerada? If not, the exhibit will be received.

MR. WOODWARD: Mr. Christie will also appear as Amerada's witness in Case No. 798. Case 798 involves the establishment of three non-standard proration units for oil from the Wolfcamp formation of the Bronco-Siluro-Devonian Pool. These three units are identical in outline to the three units presently authorized in the Bronco-Siluro-Devonian Pool in the same field.

MR. MACEY: Mr. Woodward, I am not sure but I think probably we ought to see if there is anyone who wants to ask a question in Case 804 and then keep a separate record, since it probably involves mailing a separate copy to the Texas Railroad Commission.

Anyone have a question in 804? If not, we will take the case under advisement and proceed to Case 798.

(Witness excused.)

STATE OF NEW MEXICO }
COUNTY OF BERNALILLO } ss.

I, MARGARET McCOSKEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 23rd day of December, 1954.

Margaret McCoskey
Notary Public-Court Reporter

My Commission Expires
August 15, 1956.

ADA DEARNLEY & ASSOCIATES
STENOGRAPHIC REPORTERS
ALBUQUERQUE, NEW MEXICO
TELEPHONE 3-6691

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 21, 1955

Amerada Petroleum Corporation
Box 2040
TULSA, OKLAHOMA

Attention: Mr. E. S. Christie

Gentlemen:

We attach a copy of Order R-587 issued by the Commission on February 16, 1955, in Case 804, which was heard at the December 16, 1954, hearing upon your company's application.

Yours very truly,

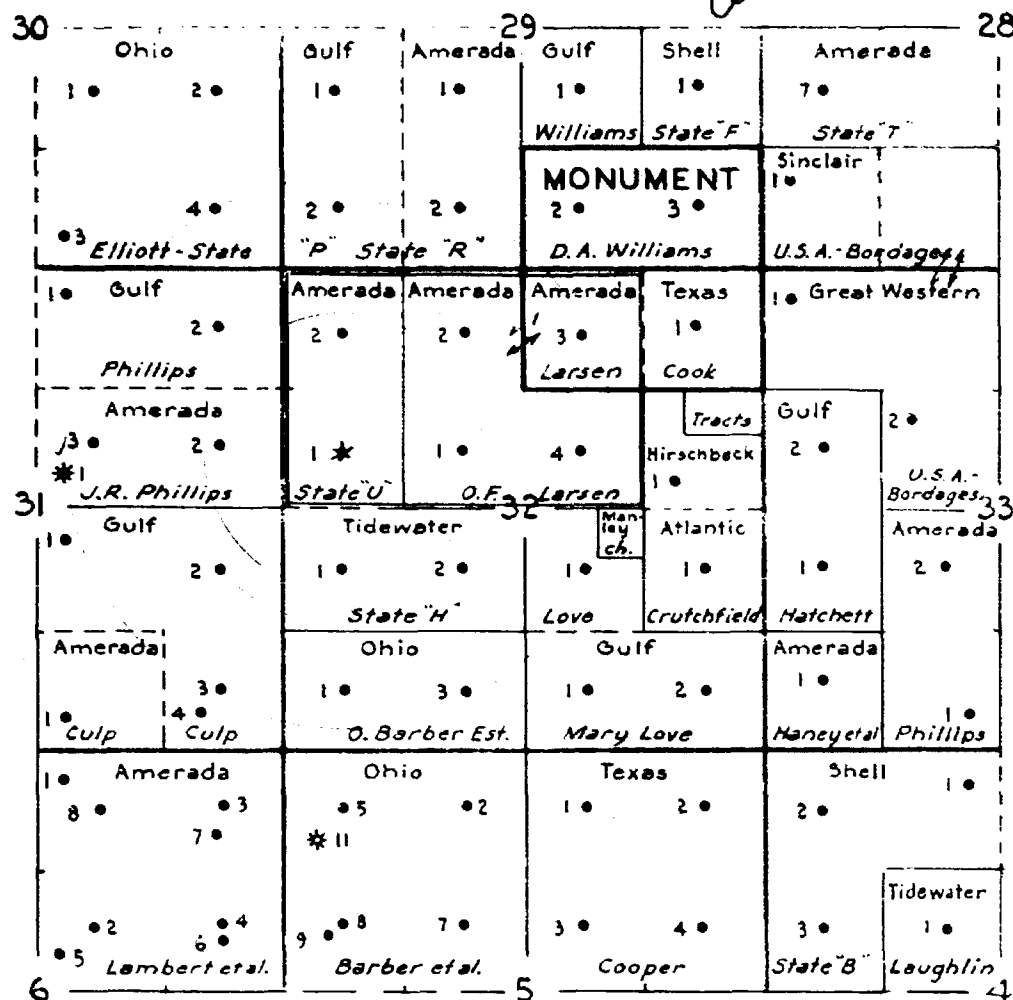
W. B. Macey
Secretary - Director

WBM:nr

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Y

6 A Amerada

Page 8 of 8



OPERATOR OF LEASE Amerada Petroleum Corporation NAME OF LEASE State "U" & O.F. Larsen
 TOTAL ACRES IN LEASE 240 ACRES COVERED BY THIS PLAT 240
 DESCRIPTION OF PROPERTY W/2 NW & E/2 NW & W/2 NE Sec. 32, T19S, R37E
 COUNTY Lea FIELD Eumont Gas Pool
 SCALE OF PLAT 1" = 2000'

STATE OF _____
 COUNTY OF _____

I HEREBY CERTIFY THAT I AM FAMILIAR WITH THE CONDITIONS AS THEY ACTUALLY EXIST ON THIS LEASE. THAT THE ABOVE PLAT WHICH IS DRAWN TO THE SCALE INDICATED HEREON IS TO THE BEST OF MY KNOWLEDGE TRUE AND CORRECT. THAT IT ACCURATELY REFLECTS SAID LEASE WITH ALL WELLS THEREON. AND THAT THE NUMBER AND LOCATION OF WELLS THEREON ARE AS INDICATED ON THE PLAT.

SUBSCRIBED AND SWORN TO BEFORE ME THIS _____ DAY OF _____, 195

NOTARY PUBLIC IN, AND FOR