



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. BOX 661 · TULSA 2, OKLAHOMA

February 6, 1950

GYPSY
DIVISION
RUSH GREENSLADE
VICE PRESIDENT

Oil Conservation Commission
New Mexico
February 10, 1950

Mr. H. H. Spurrier, Secretary
Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Dear Sir:

Attached you will find joinder of Gulf Oil Corporation in the application of Amerada Petroleum Corporation for rehearing in Case No. 191, which is the application for 80-acre spacing order in the Bagley Siluro-Devonian Pool, Townships 11 and 12S, Range 33E, Lea County, New Mexico.

Please place this joinder in the file of this case and advise me of the decision of the Commission on this application.

Yours very truly,

RSK:wh
Att'd

LAW OFFICES
HERVEY, DOW & HINKLE
ROSWELL, NEW MEXICO

J. M. HERVEY
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.

December 30, 1950

WILLIAM C. SCHAUER

201
101
Mr. George Graham, Attorney
State Land Office
Santa Fe, New Mexico
and
Mr. Donald McCormick
Attorney at Law
Carlsbad, New Mexico

Gentlemen:

We hand you herewith copies of Motion and Order dismissing the appeal of the Amerada Petroleum Corporation in the Bagley Case, No. 8485. The Order was signed by Judge Harris on December 27th.

With kindest regards and best wishes for the New Year, we are,

Yours very truly,

HERVEY, DOW & HINKLE

By 

CEH/se
Encls.

IN THE DISTRICT COURT OF LEA COUNTY, NEW MEXICO

IN THE MATTER OF THE PETITION OF)
AMERADA PETROLEUM CORPORATION FOR)
REVIEW AND APPEAL OF PROCEEDING)
BEFORE THE OIL CONSERVATION)
COMMISSION OF THE STATE OF NEW)
MEXICO IN CASE NO. 191)

CASE NO. 8485

ORDER FOR DISMISSAL

This matter came on this day to be heard in open Court upon the motion of the Amerada Petroleum Corporation, Petitioner in the above styled cause for an order dismissing said cause with prejudice at Petitioner's costs and the Court having considered said motion and being fully advised in the premises

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by the Court that this cause be and the same is hereby dismissed with prejudice at the cost of the Amerada Petroleum Corporation.

Done at Roswell, New Mexico, this the _____ day of December, 1950.

District Judge

IN THE DISTRICT COURT OF LEA COUNTY, NEW MEXICO

IN THE MATTER OF THE PETITION OF)
AMERADA PETROLEUM CORPORATION FOR)
REVIEW AND APPEAL OF PROCEEDING)
BEFORE THE OIL CONSERVATION)
COMMISSION OF THE STATE OF NEW)
MEXICO IN CASE NO. 191)

CASE NO. 8485

MOTION FOR DISMISSAL

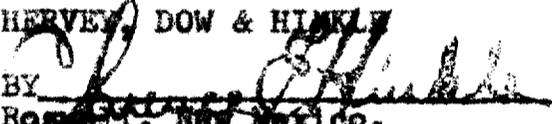
Comes the Amerada Petroleum Corporation, Petitioner in the above styled cause, acting by and through its attorneys of record and moves the Court to dismiss said cause with prejudice at Petitioner's cost.

HARRY PAGE

BOOTH KELLOUGH

Tulsa, Oklahoma

HERVEY DOW & HINKLEY

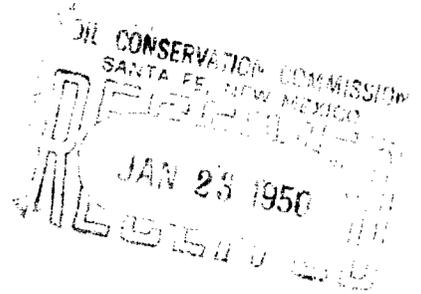
BY 
Roswell, New Mexico.
Attorneys for Petitioner,
Amerada Petroleum Corporation.



UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

P. O. Box 997
Roswell, New Mexico
January 19, 1950



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

Gentlemen:

Reference is made to Case 191 application of Amerada Petroleum Corporation for the establishment of proration units and uniform spacing of wells for the common source of supply discovered in Amerada-State BTA No. 1 well in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ sec. 2, T. 12 S., R. 33 E., N.M.P.M., Lea County, New Mexico. Testimony on the application was presented before the Oil Conservation Commission at a public hearing held in Santa Fe on December 20, 1949.

In its testimony on the application, Amerada Petroleum Corporation requested the establishment of proration units of 80-acres, the units to include the east half and west half of each 160-acre legal quarter section with a few exceptions as to proration units based on lease ownership, and the wells to be located in the center of the northwest and southeast 40-acre tracts of each legal quarter section, with a tolerance of 150 feet for surface obstructions. It was testified that one well would drain 80 acres in the Devonian formation under consideration and that in view of the reported cost of future wells, estimated at \$225,000 per well, it would be waste to require the drilling of more than one well per 80-acre tract. The applicant suggested that exceptions to well spacing and proration units should be allowed but on the basis of a reduced allowable in such manner as the Commission should decide in each case. The applicant further requests that the 80-acre proration units be granted an allowable not in excess of the normal top allowable for a 40-acre proration unit under statewide regulations for the depth involved.

Considerable testimony was presented by Texas Pacific Coal and Oil Company in contradiction of that submitted by Amerada Petroleum Corporation. The testimony by Texas Pacific indicates that structural and reservoir conditions of the Bagley^{Siluro-}Devonian pool are not adaptable to 80-acre spacing and that wells should be drilled on a 40-acre spacing basis to obtain satisfactory recovery of oil and gas from the Devonian formation, otherwise waste would occur. This is a brief review of the essential factors involved in this case.

The purpose of this letter is to inform the Commission that this office of the U. S. Geological Survey, under the circumstances existing, prefers that development of the Devonian formation in the Bagley-Devonian pool be conducted on the basis of one well per 40-acre tract, with proration units of the same size. In other words, that no exception be granted to the statewide rules and regulations. The extreme dips in the producing formation indicate structural conditions which would not permit the drilling of necessary offset wells to protect correlative rights. Also that records available to this office for similar producing formations with low permeability and porosity as testified to exist in the Devonian formation in the Bagley pool, indicates that a well will not adequately drain 80 acres without waste.

Furthermore, the application of a 40-acre top unit allowable to an 80-acre proration unit would in effect cause discrimination between pools, as other Devonian pools to the same depth should receive two 40-acre allowables per 80-acres while the Bagley-Devonian pool would receive only one 40-acre allowable per 80-acre proration unit. New Mexico statutes and regulations provide for equitable allocation between pools. This is necessary for protection of royalty interests as well as those of operators. An exception to the proration unit as proposed by Amerada under which a 40-acre allowable for an 80-acre unit would be reduced would cause an even greater inequity and discrimination, and would in effect tend to prohibit the drilling of wells under exceptions by reason of the economics involved.

It is the opinion of this office that the application of Amerada Petroleum Corporation under Case 191 should be denied. Our interest in the case is based on the Federal lands under lease on the west side and to the south of the Bagley pool, as now developed. Some of these lands should prove to be productive in the Devonian formation by subsequent drilling.

In order that the position taken by this office as heretofore expressed to the Oil Conservation Commission may be clarified, I wish to state that we have no objection to exploratory development of deep formations on the basis of 80-acre spacing providing it is done with a definite understanding that such a spacing program would be only of a temporary nature, the final spacing program being established after the essential factual data is obtained by drilling. I made essentially this statement, which should appear in the record of testimony in Case 149, application of Mid-Continent Petroleum Corporation for an order establishing 80-acre proration units for wells drilled in the Crossroads pool to a depth of below 12,000 feet in the

Devonian pool, which was held in Santa Fe on July 15, 1948.
Sufficient wells have now been drilled in the Bagley pool to
determine that 80-acre spacing there is not justifiable.

Very truly yours,

A handwritten signature in cursive script that reads "Foster Morrell". The signature is written in dark ink and is positioned above the typed name.

Foster Morrell,
Oil and Gas Supervisor,
Southwestern Region.

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
CONSIDERING:

CASE NO. 191
ORDER NO. R-8

IN THE MATTER OF THE APPLICATION OF
AMERADA PETROLEUM CORPORATION FOR THE
ESTABLISHMENT OF PROMATION UNITS AND
UNIFORM SPACING OF WELLS IN THE BAGLEY-
SILURO/DEVONIAN POOL IN LEA COUNTY,
NEW MEXICO.

ORDER DENYING REHEARING

BY THE COMMISSION:

Amerada Petroleum Corporation having filed herein an application for rehearing on the alleged grounds that Order No. R-2 heretofore entered on 23 January 1950 was erroneous, and the Commission having considered said motion and having concluded that it is not well taken,

IT IS THEREFORE ORDERED that the application for rehearing filed by Amerada Petroleum Corporation will be denied.

DONE this 8th day of February, 1950, at Santa Fe, New Mexico.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

THOMAS J. MERRY, CHAIRMAN

Guy Shepard
GUY SHEPARD, MEMBER

R. R. Spurrer
R. R. SPURRER, SECRETARY

October 16, 1950

Mr. Booth Kellough
Amerada Petroleum Corporation
P. O. Box 2040
Tulsa 2, Oklahoma

Dear Mr. Kellough:

This is in reply to your letter of October 6.

The check for the duplications of the Bagley Case record should be made out to the Oil Conservation Commission.

Thanking you for your consideration in this matter, we are

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
Secretary-Director

RRS:bw

GENERAL OFFICES
120 BROADWAY NEW YORK



AMERADA PETROLEUM CORPORATION

BEACON BUILDING
P. O. BOX 2040
TULSA 2, OKLA.

October 6, 1950

Mr. R. R. Spurrier
Secretary-Director
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Spurrier:

We shall be glad to assume the expense of the additional copies of the record in the Bagley case mentioned in your letter of October 4, 1950. Will you please advise to whom the check should be made payable.

OCC

Very truly yours,


BOOTH KELLOUGH
Attorney

BK:1

cc Mr. Clarence Hinkle
Hervey, Dow & Hinkle
Attorneys at Law
Roswell, New Mexico

GENERAL OFFICES
120 BROADWAY, NEW YORK

AMERADA PETROLEUM CORPORATION

BEACON BUILDING

P. O. BOX 2040

TULSA 2, OKLA.

July 22, 1949



Mr. R. M. Knoepfel, Chairman
New Mexico Nomenclature Committee
Atlantic Refining Company
Box 808
Carlsbad, New Mexico

Dear Mr. Knoepfel:

Re: Bagley Area, Lea County, New Mexico:

We have just completed our BTA #1 in the Devonian formation through perforations 10950-65 and have filed a completion report with the New Mexico Conservation Commission. This well flowed 400 barrels in five and one-half hours through a 1/2" choke with a gas-oil ratio of 28. Our Caudle #1 in Section 10 was low and dry in the Devonian and is being completed in the Pennsylvanian.

We are preparing to make an application to the New Mexico Conservation Commission for 80-acre spacing in this area. In view of the outcome of the Caudle it appears that you may not wish to include as much area as the Bagley-Devonian Pool as was discussed at your meeting on June 29. It is our understanding that the usual policy of your Committee is to recommend four sections around each well as pool limits. The Caudle would lie within these limits but by eliminating the quarter section upon which it is located this would leave an area consisting of the SE/4 of Sec. 34, the S/2 of Sec. 35, the SW/4 of 36, in Township 11S, Range 33E, the E/2 of Sec. 3, all of Sec. 2, the W/2 of Sec. 1, the E/2 of Sec. 11, and the NW/4 of Sec. 12, in Township 12S, Range 33E. In view of the Mid-Continent and TP wells drilling in the east portion of this area it might be reasonable to include all of Section 1.

We would appreciate it if your Committee will recommend an area to be designated as the Bagley-Devonian Pool to the New Mexico Conservation Commission prior to the spacing hearing.

We expect you have heard that the Amerada BTB #1 in Section 26 is drilling below 10,300 feet. It flowed 222 barrels of 58° API

Page #2
Mr. Knoepfel
7-22-49

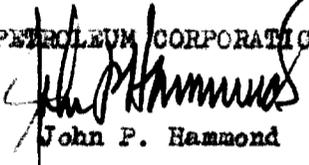
oil, during a two and one-half hour drillstem test from 10,150-200. The gas-oil ratio was 414. A deeper test produced salt water. We expect to complete this well in the near future and plan at that time to make an application for 80-acre spacing. While the area between the BTA and BTB can well connect, we expect your committee and the Commission would prefer to classify these as two separate pools until conclusive evidence is obtained by drilling.

Attached is a map for your use and information. If we can be of any further assistance to you, please feel free to call on us.

Yours very truly,

AMERADA PETROLEUM CORPORATION,

By:


John P. Hammond

JPH-J
Encl.

cc: ✓ Mr. R. R. Spurrier, % State of New Mexico Oil Conservation
Commission, Santa Fe
Mr. Glenn Staley, Lea County Operators Committee, Hobbs
Mr. Ester Morrell, USGS, Roswell

NOTICE OF PUBLICATION
STATE OF NEW MEXICO

OIL CONSERVATION COMMISSION
The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearing to be held December 20, 1949, beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico, in the House of Representatives.

STATE OF NEW MEXICO TO:

All named parties in the following cases, and notice to the public:

Case 191
In the matter of application of Amerada Petroleum Corporation for the establishment of proration units and uniform spacing of wells for the common source of supply discovered in Amerada-State BTA No. 1 Well in NW/4 SE/4 Section 2, Township 12 South, Range 33 East, N.M.P.M., in Lea County, New Mexico. This is a readvertisement.

Case 207
In the matter of application of Stanley L. Jones, Inc., a New Mexico Corporation, for an order approving an unorthodox location for Stanley L. Jones, Inc., State No. 13, 338 feet south of the north line and 73 feet west of the east line NE/4 NE/4 of Section 23, Township 18 South, Range 27 East, N.M.P.M. in the Artesia pool, Eddy County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on December 5, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
(SEAL) R. R. SPURRIER,
Pub. Dec. 7, 1949. Secretary

Affidavit of Publication

State of New Mexico }
County of Santa Fe } ss.

I, Will Harrison, being first duly sworn, declare and say that I am the (~~Business Manager~~) (Editor) of the Santa Fe New Mexican, a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto attached, was published in said paper ~~one time~~ ~~each week~~ for one time ~~each week~~ ~~and on the same day of each week~~ on the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, ~~each week~~ for one time ~~each week~~ ~~and on the same day of each week~~ publication being on the 7th day of December, 1949, and that the publication ~~was made~~ ~~and on the same day of each week~~; that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

Will Harrison
Editor-Manager

Subscribed and sworn to before me this 8th day of December, A.D., 1949
Anna K. Ormsbee
Notary Public

My Commission expires
June 14, 1953

PUBLISHER'S BILL

41 lines, one time at \$ 4.10
lines, times, \$
Tax \$
Total \$ 4.10

Received payment,
By