

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF AMERADA PETROLEUM CORPORATION  
FOR AN ORDER ESTABLISHING PRORATION  
UNITS AND UNIFORM SPACING OF WELLS  
FOR THE BAGLEY-SILURO-DEVONIAN  
POOL, LEA COUNTY, NEW MEXICO

CASE NO. 249

A

APPLICATION FOR MODIFICATION OF ORDER NO. R-69

Comes now Amerada Petroleum Corporation, and alleges and states:

1. That on May 1, 1951, the Oil Conservation Commission entered its Order No. R-69 establishing 80-acre proration units and uniform spacing of wells for the Bagley-Siluro-Devonian Pool, Lea County, New Mexico, and requiring that all wells drilled into said pool be located in the center of the Northwest and the Southeast Quarters of each Governmental Quarter Section, as more particularly set forth in said order, reference to which is here made.

2. That by said order there was established an 80-acre proration unit comprising the E/2 NE/4 of Section 3, T-12-S, R-33-E, Lea County, New Mexico.

3. That Applicant has drilled and completed a producing oil well located in the center of SE/4 NE/4 Section 3-12S-33E, known as Mathers No. 1 Well which, under Order No. R-69, is the authorized well for the proration unit comprising the E/2 NE/4 of Section 3-12S-33E.

4. That, subject to the oil and gas leases of Applicant, the United States Government owns all royalty interest in NE/4 NE/4 of Section 3-12S-33E, and W. E. Mathers owns all royalty interest in SE/4 NE/4 Section 3-12S-33E, and both the United States Government and W. E. Mathers have expressed their objection to the forced pooling of said separately owned tracts comprising said

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.

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proration unit authorized by Sec. 69-213 $\frac{1}{2}$  (c) of 1949 Cumulative Pocket Supplement to 1941 New Mexico Statutes Annotated.

5. That, subject to the oil and gas lease of Applicant, W. E. Mathers owns all royalty or mineral interest in the NE/4 SE/4 Section 3-12S-33E.

6. That Applicant desires to drill a well projected to the Siluro-Devonian formation to be located in the center of NE/4 NE/4 Section 3-12S-33E.

7. That inasmuch as the Mathers No. 1 Well located in the center of SE/4 NE/4 Section 3-12S-33E would be the authorized well for the 80-acre proration unit herein requested and the proposed well to be located in the NE/4 NE/4 Section 3-12S-33E would be drilled on a fractional unit of 40 acres and would not be an exception to an authorized undrilled location for an 80-acre proration unit, therefore the Commission should determine the allowable for said fractional unit so as to maintain equity and protect the correlative rights of all royalty owners and lessees and modify its previous Order No. R-69 as may be necessary to accomplish this purpose.

8. That in order to prevent waste and protect the correlative rights of all lessees and royalty owners in the Bagley-Siluro-Devonian Pool, Order No. R-69 should be modified so as to establish the SE/4 NE/4 and the NE/4 SE/4 Section 3, 12S-33E as one 80-acre proration unit, and to permit Applicant to drill a well into said pool, to be located in the center of NE/4 NE/4 Section 3-12S-33E and to determine the allowable for the fractional unit of 40 acres upon which said proposed well would be located.

WHEREFORE, Applicant respectfully requests that the Commission set this application for hearing and that due and proper notice be given as required by law and that at the conclusion of said hearing the Commission enter its order modifying Order No. R-69 entered May 1, 1951, in the following particulars; to wit:

1. That SE/4 NE/4 and NE/4 SE/4 Section 3-12S-33E,  
be established as a single 80-acre proration unit;
2. That Applicant be authorized to drill a well to  
the Bagley-Siluro-Devonian Pool, to be located in  
the center of NE/4 NE/4 Section 12S-33E;
3. That an allowable should be determined which  
will maintain equity and protect the correla-  
tive rights of all parties;

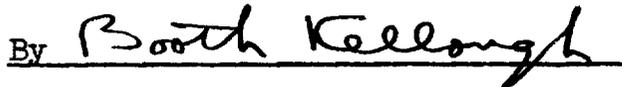
and for such further relief to which Applicant may be entitled.

Dated this 15<sup>th</sup> day of June, 1951.

HERVEY, DOW & HINKLE

By 

HARRY D. PAGE AND BOOTH KELLOUGH

By 

Attorneys for

AMERADA PETROLEUM CORPORATION

*mda*

*Bagley - Siluro - Dev*

*Lea* COUNTY

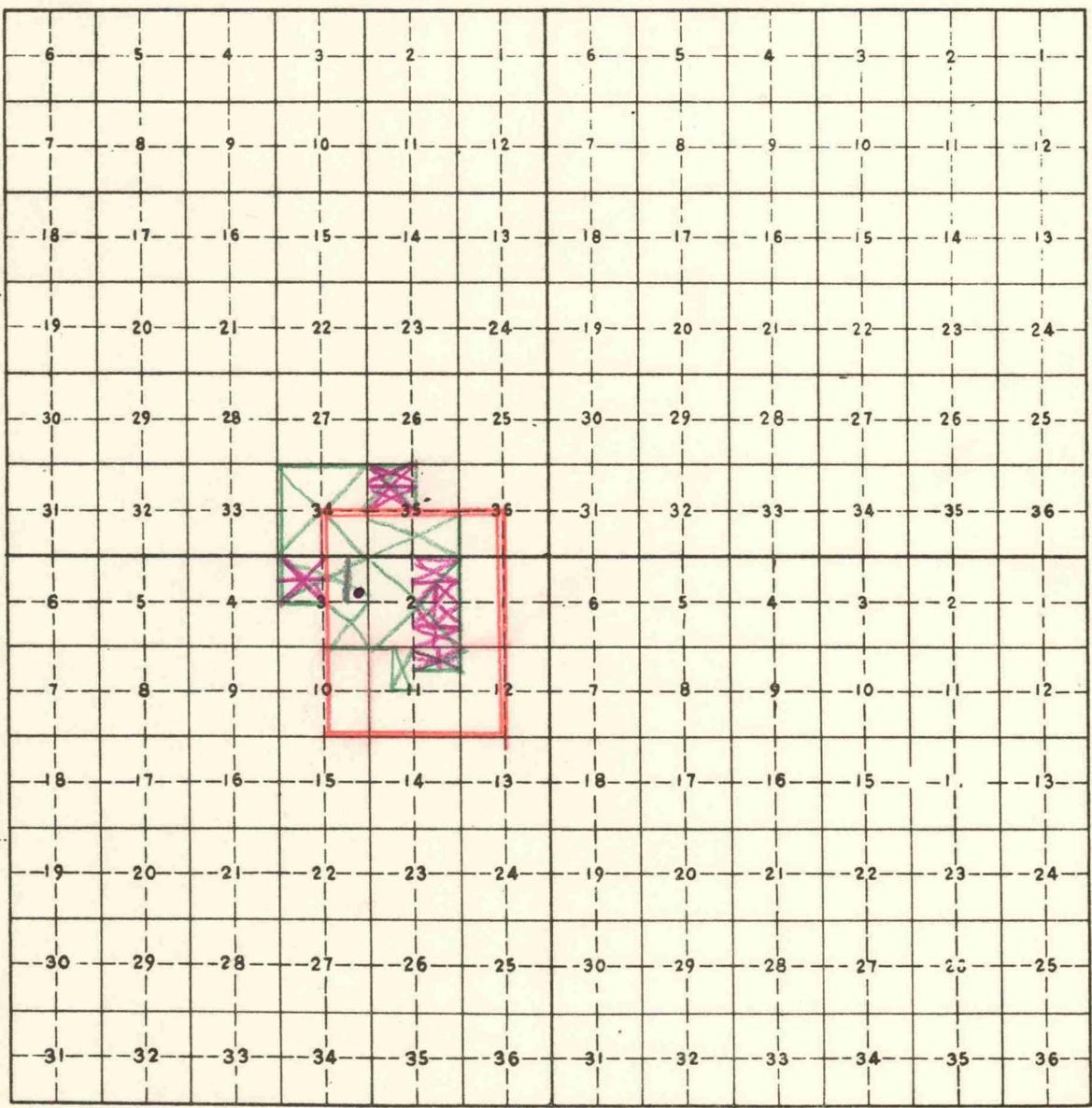
BASE AND MERIDIAN

RANGE *33E*

RANGE

TWP. *11S*

TWP. *12S*




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**Here**

GENERAL OFFICES  
120 BROADWAY NEW YORK

**AMERADA PETROLEUM CORPORATION**

BEACON BUILDING  
P. O. BOX 2040

**TULSA 2, OKLA.**

June 18, 1951

*M. A.*

*G. W. H. Kellough*

Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

Enclosed for filing find three copies  
of Application for Modification of Order No. R-69  
in Case No. 249.

Also enclosed for filing are three  
copies of Application for Dismissal in Case No. 251.

Will you please issue necessary no-  
tices and set these matters for hearing as soon as  
possible.

Very truly yours,

*Booth Kellough*  
BOOTH KELLOUGH  
Attorney

BK:MGH  
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Special Delivery

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
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IN THE MATTER OF THE APPLICATION OF  
AMERADA PETROLEUM CORPORATION FOR AN  
ORDER ESTABLISHING PRORATION UNITS  
AND UNIFORM SPACING OF WELLS FOR  
THE BAGLEY-SILURO-DEVONIAN POOL,  
LEA COUNTY, NEW MEXICO

}  
}  
CASE NO. \_\_\_\_\_

A P P L I C A T I O N

Comes now Amerada Petroleum Corporation and alleges and states:

1. That Applicant has drilled and completed seven wells producing from the Bagley-Siluro-Devonian Pool, Lea County, New Mexico, found at the approximate depth of 10,800 feet, the description and location of said wells being as follows:

- (a) State BTA No. 1 located in center of NW/4 SE/4 of Section 2, T-12-S, R-33-E;
- (b) State BTC No. 1 located in center of SE/4 SW/4 of Section 35, T-11-S, R-33-E;
- (c) State BTD No. 1 located in center of SE/4 SW/4 Section 2, T-12-S, R-33-E;
- (d) State BTD No. 2 located in center of NW/4 SE/4 Section 35, T-11-S, R-33-E;
- (e) State BTD No. 3 located in center of SE/4 SE/4 Section 35, T-11-S, R-33-E;
- (f) Chambers No. 1 located in center of SE/4 NW/4 Section 11, T-12-S, R-33-E;
- (g) State BTI No. 1 located in center of NW/4 NW/4 Section 2, T-12-S, R-33-E;

2. That Texas-Pacific Coal & Oil Company has drilled and completed four wells producing from the Bagley-Siluro-Devonian Pool, the description and location of said wells being as follows:

- (a) State B No. 1 located in center of SE/4 NE/4 of Section 2, T-12-S, R-33-E;
- (b) State C No. 1 located in center of NW/4 NE/4 of Section 2, T-12-S, R-33-E;
- (c) State C No. 2 located in center of SE/4 NW/4 of Section 2, T-12-S, R-33-E;
- (d) State C No. 3 located in center of NW/4 SW/4 of Section 2, T-12-S, R-33-E.

3. That in addition to the above-described completed wells the following wells are now being drilled in the area and are projected to the Siluro-Devonian formation in what is believed to be included in the Bagley-Siluro-Devonian Pool, the description and location of said drilling wells being as follows:

- (a) Mathers No. 1 Well located in center of SE/4 NE/4 Section 3, T-12-S, R-33-E;
- (b) Caudle No. 2 Well located in center of NW/4 NW/4 Section 3, T-12-S, R-33-E;
- (c) State BTC No. 3 located in NW/4 SW/4 Section 35, T-11-S, R-33-E;
- (d) State BTJ No. 1 located in center of SE/4 NE/4 Section 11, T-12-S, R-33-E.

4. That Applicant heretofore filed its application for the establishment of 80-acre proration units, Case No. 191, which application came on for hearing on December 20, 1949. On January 23, 1950, the Commission entered its order denying said application on the ground that the evidence submitted at that time was insufficient. Applicant in due course filed its application for rehearing which was denied by the Commission by order of February 8, 1950, and thereupon Applicant filed its petition for review in District Court of Lea County, Case No. 8485. On December 27, 1950, Applicant voluntarily dismissed with prejudice its appeal in the District Court of Lea County. At the time of the first hearing of this matter before the Commission there had been completed in the Bagley-Siluro-Devonian reservoir only four wells. Since that time there has been a change of conditions in the development of the field and additional information has been obtained by the subsequent development and the production performance of the wells. There has now developed a widespread, critical shortage of tubular materials necessary for drilling operations, and to require Applicant to drill any unnecessary wells would result in wasteful utilization of critical materials to the detriment of the oil and gas industry, the State of New Mexico and the nation at large. That because of the change of conditions in the Bagley-Siluro-Devonian Pool and the additional information obtained by additional development and well performance subsequent to the original hearing in this matter, indicating that one well will adequately drain an area of at least 80 acres, and because of the critical shortage of casing and tubular materials and in order to prevent waste and to avoid the drilling of unnecessary wells, the Commission should now enter a temporary order for a period of one year, establishing 80-acre proration units.

5. That the probable productive limits of the Bagley-Siluro-Devonian Pool have not yet been definitely determined and the Commission should make such determination for the temporary period of the order herein applied for and such order should be applicable to the entire common source of supply as it may be determined from time to time.

6. That such 80-acre proration units should consist of the West Half and the East Half of each governmental quarter section in the Bagley-Siluro-Devonian Pool, except the following units which should be exceptions in order to prevent unnecessary pooling of separately owned tracts within a proration unit, to wit:

N/2 NE/4 Section 2-12S-33E;  
 SW/4 NE/4 and NW/4 SE/4 Section 2-12S-33E;  
 SE/4 NE/4 and NE/4 SE/4 Section 2-12S-33E;  
 S/2 SE/4 Section 3-12S-33E;  
 N/2 NE/4 Section 11-12S-33E;  
 S/2 NE/4 Section 11-12S-33E.

7. That to insure the proper and uniform spacing of all wells drilled to the common source of supply comprising the Bagley-Siluro-Devonian Pool and to protect the correlative rights of all of the parties interested therein, all wells drilled into said common source of supply should be located in the center of the northwest and the southeast quarters of each governmental quarter section. That all presently drilled and drilling wells are located according to the spacing pattern herein proposed.

8. That all wells producing from the Bagley-Siluro-Devonian Pool should be given an allowable equivalent to one and one-half times the top allowable for the regular forty-acre proration unit with the deep pool adaptation as provided for in the general rules and regulations of the Commission and any other special orders that may, from time to time, be applicable.

9. That in the event cause is shown for the granting of an exception to the well location pattern herein proposed such exception should be granted by the Commission after notice of hearing, but in the event such exception is granted, the allowable for said well should be only the top allowable for a regular ~~forty~~-acre proration unit with the deep pool adaptation as provided by the rules and regulations of the Commission.

WHEREFORE, Applicant respectfully requests that the Commission set this application for hearing and that due and proper notice be given as required by law and that at the conclusion of said hearing the Commission then enter a temporary order expiring at the end of one year unless extended by the Commission, establishing 80-acre proration units and the uniform spacing of wells, fixing the allowable therefor, and determining and defining the probable productive limits of said pool all in accordance with the allegations and proposals hereinabove set forth, and for such further relief to which Applicant may be entitled.

DATED this 28<sup>th</sup> day of December, 1950.

Seth & Montgomery

By *Alvin Seth*

Harry D. Page and Booth Kellough

By *Booth Kellough*

Attorneys for  
Amerada Petroleum Corporation

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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CASE NO. 249

APPLICATION FOR MODIFICATION OF ORDER NO. R-69

Comes now Amerada Petroleum Corporation, and alleges and states:

1. That on May 1, 1951, the Oil Conservation Commission entered its Order No. R-69 establishing 80-acre proration units and uniform spacing of wells for the Bagley-Siluro-Devonian Pool, Lea County, New Mexico, and requiring that all wells drilled into said pool be located in the center of the Northwest and the Southeast Quarters of each Governmental Quarter Section, as more particularly set forth in said order, reference to which is here made.
2. That by said order there was established an 80-acre proration unit comprising the E/2 NE/4 of Section 3, T-12-S, R-33-E, Lea County, New Mexico.
3. That Applicant has drilled and completed a producing oil well located in the center of SE/4 NE/4 Section 3-12S-33E, known as Mathers No. 1 Well which, under Order No. R-69, is the authorized well for the proration unit comprising the E/2 NE/4 of Section 3-12S-33E.
4. That, subject to the oil and gas leases of Applicant, the United States Government owns all royalty interest in NE/4 NE/4 of Section 3-12S-33E, and W. E. Mathers owns all royalty interest in SE/4 NE/4 Section 3-12S-33E, and both the United States Government and W. E. Mathers have expressed their objection to the forced pooling of said separately owned tracts comprising said



proration unit authorized by Sec. 69-213 $\frac{1}{2}$  (c) of 1949 Cumulative Pocket Supplement to 1941 New Mexico Statutes Annotated.

5. That, subject to the oil and gas lease of Applicant, W. E. Mathers owns all royalty or mineral interest in the NE/4 SE/4 Section 3-12S-33E.

6. That Applicant desires to drill a well projected to the Siluro-Devonian formation to be located in the center of NE/4 NE/4 Section 3-12S-33E.

7. That inasmuch as the Mathers No. 1 Well located in the center of SE/4 NE/4 Section 3-12S-33E would be the authorized well for the 80-acre proration unit herein requested and the proposed well to be located in the NE/4 NE/4 Section 3-12S-33E would be drilled on a fractional unit of 40 acres and would not be an exception to an authorized undrilled location for an 80-acre proration unit, therefore the Commission should determine the allowable for said fractional unit so as to maintain equity and protect the correlative rights of all royalty owners and lessees and modify its previous Order No. R-69 as may be necessary to accomplish this purpose.

8. That in order to prevent waste and protect the correlative rights of all lessees and royalty owners in the Bagley-Siluro-Devonian Pool, Order No. R-69 should be modified so as to establish the SE/4 NE/4 and the NE/4 SE/4 Section 3, 12S-33E as one 80-acre proration unit, and to permit Applicant to drill a well into said pool, to be located in the center of NE/4 NE/4 Section 3-12S-33E and to determine the allowable for the fractional unit of 40 acres upon which said proposed well would be located.

WHEREFORE, Applicant respectfully requests that the Commission set this application for hearing and that due and proper notice be given as required by law and that at the conclusion of said hearing the Commission enter its order modifying Order No. R-69 entered May 1, 1951, in the following particulars; to wit:

1. That SE/4 NE/4 and NE/4 SE/4 Section 3-128-33E,  
be established as a single 80-acre proration unit;
2. That Applicant be authorized to drill a well to  
the Bagley-Siluro-Devonian Pool, to be located in  
the center of NE/4 NE/4 Section <sup>3</sup>128-33E;
3. That an allowable should be determined which  
will maintain equity and protect the correla-  
tive rights of all parties;

and for such further relief to which Applicant may be entitled.

Dated this 15<sup>th</sup> day of June, 1951.

HERVEY, DOW & HINKLE

By *James Hinkle*

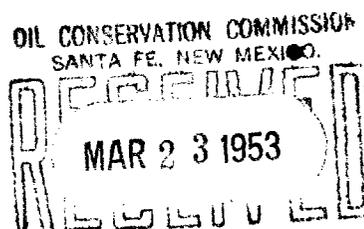
HARRY D. PAGE AND BOOTH KELLOUGH

By *Booth Kellough*

Attorneys for

AMERADA PETROLEUM CORPORATION

BEFORE THE OIL CONSERVATION COMMISSION  
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IN THE MATTER OF THE APPLICATION  
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FOR THE BAGLEY-SILURO-DEVONIAN POOL  
LEA COUNTY, NEW MEXICO

CASE NO. 249

APPLICATION FOR EXTENSION OF ORDER NO. R-69

Comes now Amerada Petroleum Corporation, and alleges and states:

1. That on May 1, 1951, the Oil Conservation Commission entered its Order No. R-69, establishing 80-acre proration units and uniform spacing of wells for the Bagley-Siluro-Devonian Pool, Lea County, New Mexico, for a period of one year.

2. On April 29, 1952, the Oil Conservation Commission entered its order No. R-69-A which extended Order No. R-69 for a period of one year.

3. A copy of Order R-69 is attached hereto marked Exhibit A and made a part hereof.

4. That in order to prevent waste, avoid the drilling of unnecessary wells and to conserve critical materials and tubular goods required for drilling operations and to protect the correlative rights of all interested parties, Order No. R-69 should be extended in all its particulars for an additional period of one year from May 1, 1953.

Wherefore, applicant respectfully requests that the Commission set this application for hearing and that due and proper notice be given as required by law and that at the conclusion of said hearing the Commission enter its order continuing Order No. R-69 in all particulars for an additional period of one year from May 1, 1953.

DATED this 20th day of March, 1953.

SETH & MONTGOMERY

By *Clarence S. Montgomery*

Harry D. Page and Richard C. Maxwell

By *Richard C. Maxwell*

Attorneys for Amerada Petroleum Corporation