

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 PRORATION 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. MABRY, CHAIRMAN

Guy Shepard
GUY SHEPARD, MEMBER

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

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

In the matter of the 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 $\frac{1}{4}$ SE $\frac{1}{4}$ Section 2,)
Twp. 12 S., Rge. 33 E., N.M.P.M.,)
in Lea County, New Mexico.)

Case No. 191

REQUESTED FINDINGS OF FACT AND CONCLUSIONS OF LAW
OF PROTESTANT TEXAS PACIFIC COAL AND OIL COMPANY

Comes now protestant Texas Pacific Coal and Oil Company
by its attorneys and requests the Commission to adopt the fol-
lowing Findings of Fact and Conclusions of Law.

Findings of Fact

1. The lease owners in the Bagley Devonian pool here involved have not all agreed upon a plan for the spacing of wells.
2. None of the royalty owners, overriding royalty owners, or owners of production payments have agreed upon the plan proposed by applicant for spacing of wells in the pool here involved.
3. The applicant failed to prove, by a preponderance of the evidence, that the 80 acre fixed pattern spacing plan proposed by applicant would have the effect of preventing "waste", as such term is defined by Senate Bill No. 163, Acts of the 19th Legislature, State of New Mexico, 1949.
4. The applicant failed to prove, by a preponderance of the evidence, that the 80 acre fixed pattern spacing plan proposed by applicant is fair to the royalty owners in such pool.
5. The applicant failed to prove, by a preponderance of the evidence, that wells drilled upon the 80 acre fixed pattern spacing plan proposed by applicant would adequately and efficiently drain the recoverable oil from the pool reservoir.

6. The lease owners in the pool here involved have not all agreed upon the plan or method of distribution of the allowables, as proposed by applicant hereunder, nor have such lease owners all agreed upon the amount of the allowable per well proposed by applicant herein.

7. None of the royalty owners, overriding royalty owners, or owners of production payments, in the pool here involved, have agreed upon applicant's proposed plan or method of distribution of allowables, nor have such royalty owners agreed upon the per well allowable proposed by applicant.

8. The applicant failed to prove, by a preponderance of the evidence, that its proposed plan or method of distribution of allowables, or its proposed per well allowable, is fair to the royalty owners in such pool.

9. The applicant failed to prove, by a preponderance of the evidence, that wells drilled upon a 40 acre spacing pattern, in conformity with the existing Statewide spacing order, would constitute the drilling of unnecessary wells.

10. The applicant failed to prove, by a preponderance of the evidence, that applicant's proposed 80 acre fixed pattern spacing plan would afford the opportunity, insofar as practicable to do so, to each owner in the pool to produce, without waste, his just and equitable share of the oil or gas in the pool.

11. Establishment of applicant's proposed 80 acre fixed pattern spacing plan would reduce, or tend to reduce, the total quantity of crude petroleum oil and natural gas ultimately recoverable from the pool here involved.

12. Establishment of applicant's proposed 80 acre fixed pattern spacing plan would not afford the opportunity, insofar as practicable to do so, to each owner in the pool to produce, without waste, his just and equitable share of the oil and/or gas in the pool here involved.

13. Establishment of applicant's proposed 80 acre fixed pattern spacing plan would not properly protect the correlative rights of the lease owners and royalty owners in the pool here involved.

14. Applicant failed to prove, by a preponderance of the evidence, any basis or justification for granting its requested exceptions to the Statewide rules governing spacing of wells and assignment of allowables thereto, in the pool here involved.

Conclusions of Law

1. Granting of the application would result in "waste", as such term is defined in Senate Bill No. 163, Acts of the 19th Legislature of New Mexico, 1949.

2. Granting of the application would not properly protect the correlative rights of the owners in the pool.

3. Applicant's proposed allocation of a 40 acre allowable to an 80 acre proration unit results in unreasonable and discriminatory allocation between oil fields in this State.

4. Granting of the application and the establishment of the 80 acre proration unit and the fixed pattern spacing plan in the pool here involved would violate the provisions of Section 13 (c) of Senate Bill No. 163, Acts of the 19th Legislature, New Mexico, 1949, which provides that the owner of any tract that is smaller than the drilling unit established for the field shall not be deprived of the right to drill on and produce from such tract, if same can be done without waste.

Respectfully submitted,

Eugene T. Adair
Jack M. Campbell

By Jack M. Campbell
Attorneys for Protestant
Texas Pacific Coal and Oil Company

~~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-2

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on for hearing before the Commission on December 20, 1949 on the application of Amerada Petroleum Corporation to establish proration units and uniform spacing of wells in the Bagley-Siluro/Devonian Pool in Lea County, New Mexico.

The Commission having heard the evidence, the argument of counsel and being duly advised,

FINDS:

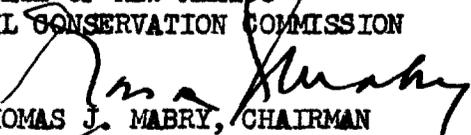
1. The Commission has jurisdiction of the subject matter and of the interested parties, due notice of the hearing having been given.
2. The evidence is insufficient to prove that the proposed plan of spacing would avoid the drilling of unnecessary wells, secure the greatest ultimate recovery from the pool or protect correlative rights.
3. The evidence is insufficient to prove that one well drilled on each 80-acre tract would efficiently drain the recoverable oil from the pool.

IT IS THEREFORE ORDERED:

1. The application of Amerada Petroleum Corporation is denied.
2. Nothing contained herein shall be construed to require the drilling of one well on each 40-acre tract in the pool.
3. Nothing contained herein shall be construed to be a determination by the Commission as to what constitutes "reasonable development" of any lease in the pool in relation to the implied covenants of any such lease.

DONE at Santa Fe, New Mexico, on the 23rd day of January, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


THOMAS J. MABRY, CHAIRMAN


GUY SHEPARD, MEMBER


R. R. SPURRIER, SECRETARY

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W. P. MARSHALL, PRESIDENT

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RE AMERADA APPLICATION BAGLEY SILURIO DEVONIAN CASE 191
 PHILLIPS PETROLEUM COMPANY URGES THE COMMISSION TO GRANT
 AMERADA'S APPLICATION FOR RE-HEARING AND TO ESTABLISH
 EIGHT-ACRE PRORATION UNITS IN THIS POOL=

C P DIMIT VICE PRESIDENT PHILLIPS PETROLEUM CO=

CONSERVATION COMMISSION
 SANTA FE, NEW MEXICO
 FEB 7 - 1950

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
111 SAN FRANCISCO ST.
SANTA FE, NEW MEXICO

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI

February 6, 1950

The Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

Enclosed please find Application of Amerada Petroleum Corporation for Rehearing of Case No. 191, Order No. R-2, entitled:

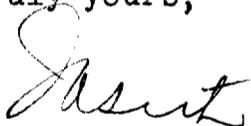
IN THE MATTER OF THE APPLICATION OF
AMERADA PETROLEUM CORPORATION FOR
THE ESTABLISHMENT OF PRORATION UNITS
AND THE UNIFORM SPACING OF WELLS IN
THE BAGLEY SILURO-DEVONIAN POOL IN
LEA COUNTY, NEW MEXICO.

The application is submitted in triplicate, and a supporting brief is likewise submitted in triplicate.

Phillips Petroleum Company, Gulf Oil Corporation, and Midcontinent Oil and Gas Company have already or will file their joinder in the Application for Rehearing.

A copy of the Application for Rehearing and of the Memorandum Brief have already been mailed to Mr. Adair, Attorney for the Texas-Pacific Coal and Oil Company, at Fort Worth.

Very truly yours,



JOS-mh

Encls.

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea

I, Robert L. Summen
Published

Of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not in a supple-

ment thereof for a period of one ^{time} ~~weeks~~

beginning with the issue dated December 7, 1949

and ending with the issue dated December 7, 1949
Publisher.

Robert L. Summen

Sworn and subscribed to before

me this 8 day of December, 1949

Betty Beal
Notary Public.

My commission expires January 25, 1953
(Seal)

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

Dec. 7, 1949
**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 case, 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 1/4 SE 1/4 Section 2, Township 12 South, Range 33 East, N. M. P. M., in Lea County, New Mexico. This is a readvertisement.

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,

R. R. SPURRIER, Secretary.
(SEAL)

NOTICE FOR 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 hearings to be held September 8, 1949 beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico in the Senate Chambers.

STATE OF NEW MEXICO TO:

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

Case 190

In the matter of the application of Twin Oil Corporation for an order unitizing the NE/4 NE/4 of Section 4, Township 22 South, Range 37 East, N.M.P.M. or in the alternative, authorizing the drilling of a well or wells upon the following described lands:

Beginning at a point 660 feet west of the southeast corner of NE/4 NE/4 of Section 4, Township 22 South, Range 37 East, N.M.P.M., thence on a direct line north 420 feet, thence on a direct line west, 210 feet, thence on a direct line south 420 feet, thence on a direct line east 210 feet, containing approximately 2 acres of land more or less, and fixing an allowable therefor.

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.

Case 192

In the matter of the application of Gulf Oil Corporation for an order authorizing dual completion and production from the Yeso formation (Drinkard pool) and from the Ellenburger formation (Bramson pool) from a single well bore in the Eunice King No. 17 Well, located 660 feet from the north line and 2310 feet from the west line (NE/4 NW/4) of Section 28, Township 21 South, Range 37 East, N.M.P.M., in Lea County, New Mexico.

Case 193

In the matter of the application of Shell Oil Company for a special exception from the provisions of Order No. 72 relating to central tank batteries with respect to State oil and gas leases E-1830, B-9446, B-7849 and E-276 under conditions existing in the West Wilson pool, Lea County, New Mexico.

Case 194

In the matter of the application of the Oil Conservation Commission upon its own motion at the suggestion of the proration office, to amend Section 3-A of Commission Order #784 also known as the Gas-Oil Ratio Order of September 10, 1948, by adding the following:

"When remedial work on a well has been completed by an operator to correct for high gas-oil ratio in a pool having a limiting gas-oil ratio the adjusted allowable shall become effective on the date the new test is completed as indicated by Commission Form C-116."

or such other wording in the premises as may be determined from testimony

adduced in open hearing.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on August 19, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


R. R. SPURRIER, SECRETARY

EXHIBITS
Case No. 191

Texas-Pacific Coal & Oil Company

A.	Photostatic copy of letter	1 copy
B.	Photostatic copies of three leases	1 copy each
C.	Lease Ownership Plat	1 copy
D.	Mineral Fee Ownership Plat	1 copy
E.	Contour Datum - Top Glorieta	1 copy
F.	Contour - Top Pennsylvanian	1 copy
G.	Contour - Top Devonian to base of black shale	1 copy
H.	Schlumberger - St. B #1	1 copy
I.		
J.		
K.		
L.	Core graph	1 copy
M.	Core	1
N.	Core	1
O.	Overlay Contour Map - Top of Devonian	1 copy
P.	Well Cross Sections	1 copy
Q.	General Cross Sections	1 copy

Amerada Petroleum Corporation

1.	Red outlined map of Bagley area	3 copies
2.	Schlumberger - BTA #1	2 copies
3.	Schlumberger - BTC #1	1 copy
4.	Schlumberger - BTD #1	1 copy
	Property Map	6 copies