

1                   BEFORE THE OIL CONSERVATION COMMISSION  
2                   STATE OF NEW MEXICO

3 IN THE MATTER OF THE APPLICATION  
4 OF AMARADA PETROLEUM CORPORATION  
5 FOR THE ESTABLISHMENT OF PRO-  
6 RATION UNITS AND UNIFORM SPACING  
7 OF WELLS IN THE KNOWLES POOL  
8 IN LEA COUNTY, NEW MEXICO

CASE NO. 204  
ORDER NO. \_\_\_\_\_

9                     O  R  D  E  R  

10                   This matter came on for hearing at Santa Fe, New Mexico,  
11 on 21 March, 1950, pursuant to Order No. R-6 granting a rehearing,  
12 and pursuant to order of continuance entered in the minutes of  
13 the Commission on 21 February, 1950. The applicant, Amerada  
14 Petroleum Corporation, was represented by its attorneys, Booth  
15 Kellough and Seth and Montgomery; Robert Childers, Alice L. Childers  
16 and other royalty owners were represented by U. M. Rose of Hobbs,  
17 New Mexico.

18                   The Commission having considered the evidence introduced  
19 and the argument of counsel finds:

20                   1. The Amerada Petroleum Corporation drilled the dis-  
21 covery well in the Knowles Pool in Lea County, New Mexico, and has  
22 since completed two other wells, all of which produce from the  
23 Devonian formation at a depth of approximately 12,500 feet. The  
24 limits of the productive area surrounding said wells has not been  
25 determined, but will probably be greater than the area now  
26 officially designated as the Knowles Pool and will probably embrace  
27 all the following lands:

28                   Sections 34, 35 and 36, Township 16  
29                   South, Range 38 East, and Sections  
30                   1, 2, and 3, Township 17 South, Range  
31                   38 East, Lea County, New Mexico.

32                   2. The cost of drilling additional wells in the above  
area to the Devonian formation is approximately \$260,000.00 per  
well.

3                   3. Due to the relatively short history of the wells in  
4 the Knowles Pool and the lack of adequate geological and  
5 engineering data, it is impossible for the Commission to determine  
6 at this time if a spacing pattern of one well to an 80-acre tract  
7 will economically drain the oil within the common reservoir. It  
8 is in the interests of conservation that a drilling pattern of one  
9 well to an 80-acre tract be adhered to temporarily and until other  
10 wells are completed which will furnish more complete data on the  
11 characteristics of the common reservoir. ~~It would be contrary to  
12 the interests of conservation to permit wells to be drilled on a  
13 pattern of one well to 40 acres until further data is obtained.~~

14                   IT IS, THEREFORE, ORDERED:

15                   1. The drilling pattern proposed by Amerada Petroleum  
16 Corporation for the area described above is temporarily approved,  
17 and the following drilling pattern is hereby temporarily established:

18                   a. Only two wells shall be drilled to

each quarter section of approximately 160 acres, the locations to be in the center of the northwest and in the center of the southeast 40-acre tracts of each quarter section with a tolerance of 150 feet in any direction to avoid surface obstructions.

b. The Amerada-Hamilton No. 1 well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 35, Township 16 South, Range 38 East, being a completed well is hereby allowed as an exception to the drilling pattern.

2. Each well now producing or hereafter completed as a producer in the common reservoir described above shall have an allowable ~~production~~ equivalent to that of a well drilled on a 40-acre proration unit to the same depth.

3. No wells shall be drilled in the area described above except in conformity to said drilling pattern, until the further order of the Commission.

4. As to all wells drilled in said area following the issuance of this order, the operators of such wells shall, at their expense, gather as complete geological and engineering data as practicable, including cores, bottom hole pressure tests and other like data.

5. During the period this temporary order remains in effect no royalty owners or lease owners shall acquire any vested property rights to a continuance of the spacing pattern and this order shall be without prejudice to the right of the Commission to later change the spacing pattern to that of one well to 40 acres.

6. This case is hereby continued until 20 December, 1950, at 10 a.m. at which time a further hearing will be held at the State Capitol Building, Santa Fe, New Mexico, to determine, on the basis of the evidence then submitted, a permanent spacing pattern.

DONE this \_\_\_\_\_ day of *June* April, 1950.

OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

By \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a full rate telegram	
FULL RATE TELEGRAM	SERIAL
DAY LETTER	NIGHT LETTER

# WESTERN UNION

1206

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate	
FULL RATE	DEFERRED
CODE	NIGHT LETTER

W. P. MARSHALL, PRESIDENT

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			OIL CONSERVATION COMMISSION	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

*Case 204*

SANTA FE, NEW MEXICO  
DECEMBER 12, 1950

MR. U. M. ROSE  
BOX 1345  
HOBBS, NEW MEXICO

THE LAST PARAGRAPH ORDER R-23 IN CASE 204 KNOWLES SPACING BY OIL COMMISSION PROVIDES FOR HEARING AND ADDITIONAL EVIDENCE ON DECEMBER 20, 1950. THIS IS YOUR NOTICE THAT CASE WILL BE HEARD ~~HERE~~ UNLESS BY AGREEMENT OF ATTORNEYS, CONTINUANCE IS REQUESTED.

OIL CONSERVATION COMMISSION/GEORGE GRAHAM

STRAIGHT WIRE

# ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To avoid against mistakes or delays, the sender of a message should order it repeated, that is telegraphed back to the originating office for comparison. For this, one-half the unreported message rate is charged in addition. Unless otherwise indicated on its face, this is an unreported message and paid for as such, in consideration whereof it is agreed between the sender of the message and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unreported-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the reported-message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2. In any event the Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the reported-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one percent of the amount by which such valuation shall exceed five thousand dollars.

3. The Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Except as otherwise indicated in connection with the listing of individual places in the filed tariffs of the Company, the amount paid for the transmission of a domestic telegram or an incoming cable or radio message covers its delivery within the following limits: in cities or towns of 5,000 or more inhabitants where the Company has an office which, as shown by the filed tariffs of the Company, is not operated through the agency of a railroad company, within two miles of any open main or branch office of the Company; in cities or towns of 5,000 or more inhabitants where, as shown by the filed tariffs of the Company, the telegraph service is performed through the agency of a railroad company, within one mile of the telegraph office; in cities or towns of less than 5,000 inhabitants in which an office of the Company is located, within one-half mile of the telegraph office. Beyond the limits above specified the Company does not undertake to make delivery, but will endeavor to arrange for delivery as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee. There will be no additional charge for deliveries made by telephone within the corporate limits of any city or town in which an office of the Company is located.

5. No responsibility attaches to this Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Company, (a) within sixty days after the message is filed with the Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Labrador, Mexico, Newfoundland and St. Pierre & Miquelon Islands on the other hand, or between a point in the United States and a ship at sea or in the air, (b) within 90 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 414 of the Communications Act of 1934.

7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Company is authorized to vary the foregoing.

1-49

## CLASSES OF SERVICE

### DOMESTIC SERVICES

#### FULL RATE TELEGRAM

A full rate expedited service.

#### DAY LETTER (DL)

A deferred service at lower than the full rate.

#### SERIAL (SER)

Messages sent in sections during the same day.

#### NIGHT LETTER (NL)

Accepted up to 2 A. M. for delivery not earlier than the following morning at rates substantially lower than the full rate telegram or day letter rates.

### INTERNATIONAL SERVICES

#### FULL RATE (FR)

The standard fast service at full rates. May be written in any language that can be expressed in Roman letters, or in cipher.

#### CODE (CDE)

A fast message service consisting of code words not exceeding 5 letters each. Minimum charge for 5 words applies.

#### DEFERRED (LC)

Plain language messages, subordinated to full rate and code messages. Minimum charge for 5 words applies.

#### NIGHT LETTER (NLT)

Overnight plain language messages. Minimum charge for 25 words applies.

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

December 17, 1949.

*12-17-49*

*[Handwritten signature]*

Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

Enclosed please find original and four copies of draft of a proposed order in the matter of the Knowles spacing, a hearing on which was had on November 22nd last.

This, of course, is merely submitted for such assistance as it may be to the Commission in drafting an order in this case.

Very truly yours,

*[Handwritten signature]*

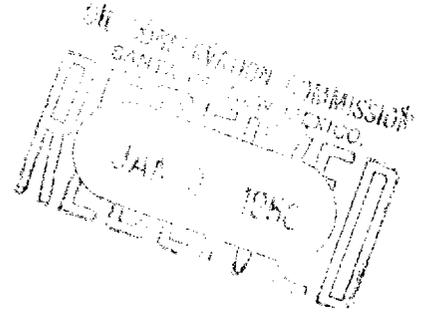
JOS:CB  
Encls.



GEORGE L. REESE, JR.  
DON G. MCCORMICK  
S. M. RUTHERFORD, III

REESE AND MCCORMICK  
ATTORNEYS AT LAW  
BUJAC BUILDING  
CARLSBAD, NEW MEXICO

January 28, 1950



Mr. R. R. Spurrier  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Dick:

I have received a copy of the Application for Rehearing filed by Amerada Petroleum Corporation in Case No. 204 and also the Memorandum Brief in support of that application. As I have told you before, if the rehearing is not granted within ten days after it is filed the applicant is entitled to appeal to the District Court. Therefore, I think the application for rehearing should be granted even though I have no recommendations to make at this time as to the final action to be taken by the Commission. At least the Commission should give Amerada a chance to plead its cause, and then the Commission can decide what to do.

Enclosed is a draft of Order Granting Rehearing and also Notice of Publication. If you concur in my views that the rehearing should be granted, the Order should be entered and notice given by publication in Lea County and Santa Fe County.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Don G. McCormick".

Don G. McCormick

DGM:bb

Enclosures

cc: Mr. George Graham  
State Land Office  
Santa Fe, New Mexico