

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:

ORDER NO. _____

THE APPLICATION OF AMERADA PETROLEUM CORPORATION FOR THE ESTABLISHMENT OF PRORATION UNITS AND UNIFORM SPACING OF WELLS FOR THE KNOWLES POOL, LOCATED BELOW THE DEPTH OF 12,000 FEET, DISCOVERED IN THE W.W. HAMILTON NO. 1 WELL, NE/4 SW/4 SEC. 35-16S-38E, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock a.m., November 22, 1949, 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 _____ day of _____, 1949, the Commission, having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises:

FINDS:

1. That on May 4, 1949, the applicant, Amerada Petroleum Corporation, completed a well known as "W.W. Hamilton No. 1 Well", located in the center of the NE/4 SW/4 of Sec. 35-16S-38E, Lea County, New Mexico. Said well was drilled to a depth of 12,656 feet, and encountered the top of the Devonian formation at 12,451 feet. It was plugged back to 12,600 feet and 5 1/2" casing set to 12,518 feet, and produced through the open hole. The well tested 935.31 bbls. of oil, 24 hours through a 1/2" choke, with a gravity of 46.9 and gas/oil ratio of 180. and B.S. and W. of 0.4%.

2. That the probable productive area of the Devonian formation discovered in said well and from which it is producing, is as follows, to wit:

All of Sections 34, 35 and 36, Township
16 South, Range 38 East; and
All of Sections 1, 2 and 3, Township
17 South, Range 38 East,
Lea County, New Mexico.

That said new common source of supply discovered in said well has been named and designated by the Nomenclature Committee as the "Knowles Pool".

That in addition to the discovery well described above, there have now been completed or are now drilling the following wells within the probable productive area of said common source of supply, described above, to wit:

- (a) Amerada-Stella Rose #1 Well, located in the SE/4 NW/4 of Sec. 35-16S-38E;
- (b) Amerada-Rose Eaves #1 Well, located in SE/4 SW/4 Sec. 35-16S-38E;
- (c) Amerada-Rose Eaves A-#1 Well, located in NW/4 NE/4 Sec. 2-17S-38E;

That it is the intention of this order to cover all wells now or hereafter drilled to and produced from the common source of supply from which the discovery well as above described has been drilled and it is now producing from, whether within the probable productive area, as above delineated, or any extension thereof, so as to insure a proper and uniform spacing, developing and producing plan for all wells in this common source of supply.

3. That the Devonian formation as found in the discovery well below the depth of 12,000 feet, is a common source of supply which should be drilled and developed on proration units larger than those normally established under the present rules and regulations and orders of the Commission with respect to proration units, because of the depth of such wells, the time necessary to drill said wells, and the high

cost and expense required in the drilling and completion of said wells, together with the drainage area thereof; and the Commission finds that proration units of an area equivalent to one-half of a governmental quarter section are necessary and proper for the drilling and development of said common source of supply, such being an area which may be efficiently and economically drained and developed by one well.

4. That to insure the proper and uniform spacing of all wells drilled to the common source of supply and to protect the correlative rights of all 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, with a tolerance of 150 feet in any direction to avoid surface obstructions.

5. That the discovery well referred to above, known as the "W.W. Hamilton #1 Well", located in the NE/4 SW/4 of Section 35-16S-38E, is located off of the spacing pattern herein ordered, being the first well drilled to said common source of supply and should be granted an exception to this spacing order and should be considered the well for the proration unit on which it is located.

6. That until further order of the Commission, the allowables for all wells drilled to said common source of supply should be computed on the same basis as in the case of other proration units of 40 acres, applying a deep pool adaptation of 6.75 times the top allowable for a unit, according to the rules and regulations and orders of this Commission.

7. That except as above specifically set forth, all of the present rules, regulations and orders of the Commission are adequate and sufficient to properly cover the drilling, equipping and operating of wells drilled into the new common source of supply as found in the above described well and, therefore, the general state-wide rules and regulations should remain in full force and effect except as modified, amended or superseded in the particulars specifically set out above.

IT IS THEREFORE ORDERED:

SEC. 1. That the Amerada Petroleum Corporation "W.W. Hamilton #1 Well", located in the center of the NE/4 SW/4 of Sec. 35-16S-38E, Lea County, New Mexico, producing from the Devonian formation below the depth of 12,000 feet, discovered a new common source of supply not heretofore discovered and produced in this state, and that the probable productive area of said formation is as follows:

All of Sections 34, 35 and 36, Township 16 South, Range 38 East, and all of Sections 1, 2 and 3, Township 17 South, Range 38 East, Lea County, New Mexico

That said new common source of supply is hereby designated "Knowles Pool".

That this order is intended to cover all of the Devonian formation common source of supply discovered in said Amerada-W.W. Hamilton #1 Well, described above, and any and all wells drilled to and produced from said common source of supply whether within the probable productive area delineated above or any extension thereof, shall be drilled on the spacing pattern hereinafter set forth.

SEC. 2. That proration units of an area equivalent to one-half of a governmental quarter section are hereby established for the production of oil and gas from the Devonian formation underlying the area described above, and in order to protect the correlative rights of all parties, said units shall comprise the South Half and the North Half of each quarter section within said area, except the following units, to wit:

W/2 NW/4 Sec. 34
W/2 SW/4 Sec. 34
E/2 SW/4 Sec. 34
NE/4 NW/4 and NW/4 NE/4 Sec. 34
SE/4 NW/4 and SW/4 NE/4 Sec. 34
E/2 NE/4 Sec. 34
W/2 SW/4 Sec. 35
NE/4 SW/4 and NW/4 SE/4 Sec. 35
SE/4 SW/4 and SW/4 SE/4 Sec. 35
E/2 SE/4 Sec. 35
All in T16S, R38E;

the location of all of said units being shown on the plat attached hereto, marked "EXHIBIT A" and made a part of this order.

SEC. 3. That all wells drilled into said common source of supply shall be located in the center of the Northwest and Southeast quarters of each governmental quarter section, with a tolerance in any direction of 150 feet to avoid surface obstructions, except the Amerada-W.W. Hamilton #1 Well, already drilled and completed in the center of NE/4 SW/4 of Sec. 35-16S-38E, which said well is hereby granted an exception to this order and the proration unit upon which the well is located is hereby determined to be a fully developed and productive proration unit and entitled to a full allowable as herein provided.

SEC. 4. That the daily oil allowable of a normal unit comprising an area equivalent to one-half of a quarter section assigned to the discovery well and all other wells hereafter drilled and produced in accordance with this order shall be the proportional factor of 6.75 times the top allowable until such time as the Commission may issue such further and additional orders, whether general state-wide orders or special orders in this cause, or general rules or regulations affecting the allowable of this pool, as may be deemed necessary.

SEC. 5. That the Commission may for good cause shown, after notice and hearing, permit the drilling of a well off of the spacing pattern herein provided, but, except for the exception herein granted to the discovery well described above, if any well is drilled off of the spacing pattern herein provided as the result of such an exception granted by the Commission after notice and hearing, the allowable for the proration unit on which said well is located shall be reduced, the amount to be determined by the Commission in accordance with the evidence presented at the hearing.

SEC. 6. That all rules, regulations and orders heretofore issued by the Commission which may conflict herewith are superseded with respect to the Devonian formation

in the Knowles Pool herein referred to, otherwise said rules, regulations and orders shall be fully applicable hereto.

SEC. 7. This order shall become effective on _____, 1949.

SEC. 8. The Commission retains jurisdiction of this case for the purpose of issuing such further and additional orders as may be necessary to meet changed conditions, prevent inequities and preserve the correlative rights, upon the motion of the Commission or upon petition of any interested party upon a public hearing after notice as provided by law.

DONE at Santa Fe, New Mexico, this _____ day of _____, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

