

PHILLIPS PETROLEUM COMPANY

MIDLAND, TEXAS

Box 791

April 22, 1951

LEGAL DEPARTMENT

DON EMERY
VICE PRESIDENT
AND GENERAL COUNSEL

RAYBURN L. FOSTER
ASSISTANT GENERAL COUNSEL

HARRY D. TURNER
GENERAL ATTORNEY

MIDLAND DIVISION

RAYMOND A. LYNCH
CHIEF ATTORNEY

CARL W. JONES
ASSISTANT CHIEF ATTORNEY

MORACE N. BURTON

JOHN T. FERGUSON
STAFF ATTORNEYS

Applications of Phillips Petroleum
Company for 80-acre Spacing in the
Siluro-Devonian and Wolfcamp Common
Source of Supply in the Denton Field,
Lea County, New Mexico

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

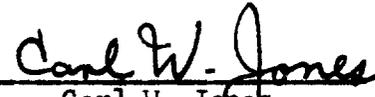
Attn. Mr. R. R. Spurrier

Gentlemen:

The above applications are set for hearing before the Commission on May 1, 1951. Mr. Jack Campbell of Roswell, who represents McAlester Fuel Company in connection with these applications, has stated that the May 1st date will not afford him sufficient time for preparation and has requested Phillips Petroleum Company to agree to continue the hearings until a later date. On behalf of Phillips Petroleum Company, I have agreed to such a continuance on Mr. Campbell's assurance that McAlester will not stake any well locations or commence any drilling operations prior to the hearings which would have the effect of upsetting the proposed 80-acre spacing pattern.

It is therefore requested that the hearings on the above applications be continued from the May 1st date and that they be re-set for hearing on May 22nd, the date of the regular Statewide hearing. This date is satisfactory to Mr. Campbell.

Very truly yours,


Carl W. Jones
Attorney

CWJ/o

cc: Mr. Jack Campbell
Atwood, Malone, and Campbell
Attorneys at Law
Roswell, New Mexico

Mr. C. P. Dimit
Mr. Harry D. Turner

**BEFORE THE OIL CONSERVATION COMMISSION
OF
THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY
FOR THE ESTABLISHMENT OF PRORATION
UNITS AND PROVIDING FOR THE ALLOWABLES
FOR THE SILURO-DEVONIAN COMMON SOURCE
OF SUPPLY DISCOVERED IN McALESTER FUEL
COMPANY ET AL J. M. DENTON WELL NO. 1-A,
SW/4 SE/4 SECTION 11 TOWNSHIP 15 SOUTH
RANGE 37 EAST, LEA COUNTY, NEW MEXICO,
KNOWN AS THE DENTON FIELD.**

CASE 269
ORDER R-65

APPLICATION

**COMES, NOW, Phillips Petroleum Company, Bartlesville, Oklahoma,
and alleges and states:**

1. The McAlester fuel Company, et al, El Dorado, Arkansas, has drilled and on October 4, 1949 completed a well known as "J. M. Denton No. 1-A" located in the center of the SW/4 SE/4 Section 11-15S-37E, Lea County, New Mexico, and discovered a new common source of supply of oil known as the Siluro-Devonian, which common source of supply was found in said well at the depth of from 11,325 feet to 11,464 feet, the probable productive limits of said common source of supply to be determined by the Commission.

2. That in addition to the discovery well referred to above, the following wells have been drilled or are now being drilled to said common source of supply in the area:

- (a) Ohio Oil Company - Denton No. 3, located in NW/4 SE/4 Section 11-15S-37E, which was completed on January 22, 1951 as a producing oil well from depth 11,916 feet to depth 12,044 feet.
- (b) Atlantic Refining Company - Bettie C. Dickinson No. 1-A, located in NW/4 NW/4 Section 13-15S-37E, which was completed December 9, 1949 as a producing oil well from depth 11,272 feet to depth 11,324 feet.

- (c) Gulf Oil Corporation - L. R. Chamberlain No. 1, located in NW/4 NE/4 Section 14-15S-37E, which was completed March 9, 1950 as a producing oil well from depth 11,501 feet to depth 11,513 feet.
- (d) McAlester Fuel Company - McClure No. 1-A, located in SW/4 NE/4 Section 14-15S-37E, which was completed March 5, 1951 as a producing oil well from depth 11,503 feet to depth 12,321 feet.
- (e) McAlester Fuel Company - J. S. Waller No. 1, located in NE/4 NE/4 Section 15-15S-37E, which was completed as a dry hole on February 20, 1950 at total depth 12,015 feet.
- (f) Ralph Lowe - Dickinson Estate No. 1, located in SE/4 SW/4 Section 35-14S-37E, which was completed December 11, 1950 as a producing oil well from depth 12,360 feet to total depth 12,385 feet.
- (g) Phillips Petroleum Company - Denton No. 1, located in SE/4 NW/4 Section 11-15S-37E, which encountered the Siluro-Devonian common source of supply from depth 11,445 feet to depth 12,555 feet which yielded flowing oil production on numerous drill-stem tests, has reached total depth 12,623 feet, run casing, and will be completed as a producing oil well.
- (h) Atlantic Refining Company - Federal-Jones No. 1, located in SW/4 SW/4 Section 35-14S-37E, which was drilling at approximately 6690 feet on March 10, 1951.
- (i) Atlantic Refining Company - State No. 1-T, located in SE/4 SW/4 Section 2-15S-37E, which was drilling at approximately 9800 feet on March 10, 1951.
- (j) Skelly Oil Company - State No. 1-F, located in NE/4NW/4 Section 2-15S-37E, which was drilling at approximately 11,000 feet on March 10, 1951.
- (k) Ohio Oil Company - Denton No. 4, located in NE/4 SW/4 Section 11-15S-37E, which was drilling at approximately 4750 feet on March 10, 1951.
- (l) Atlantic Refining Company - Dickinson No. 2-B, located in NW/4 NW/4 Section 12-15S-37E, which was drilling at approximately 7500 feet on March 10, 1951.

(m) McAlester Fuel Company - McClure No. 1-B, Located in NW/4 SE/4 Section 14-15S-37E, which was drilling at approximately 3500 feet on March 10, 1951.

(n) McAlester Fuel Company - McClure No. 1-C, located in NE/4 NE/4 Section 14-15S-37E, which was drilling at approximately 375 feet on March 10, 1951.

3. A plat of the area showing the location of the wells referred to above, circled in red, is attached hereto and marked EXHIBIT "A".

4. That in order to bring about the proper development of said common source of supply, prevent waste and to avoid the drilling of unnecessary wells, and to secure the greatest ultimate recovery therefrom, and to protect the correlative rights of the interested parties therein, it is necessary and proper for the Commission to enter its order providing for proration units of 80 acres each with one well for each unit, such being the area which may be efficiently and economically drained by one well.

5. That in view of the relatively narrow structure and the steeply-dipping attitude of the Siluro-Devonian formation containing the common source of supply herein referred to, in the interest of obtaining the greatest ultimate recovery of oil the Commission should provide in its order that the required location for the well on each 80-acre proration unit may, at the discretion of the operator, be in the center of either governmental quarter-quarter section comprising the unit, with a tolerance of 150 feet to avoid surface obstructions.

6. That in consideration of the thickness of the oil pay section of the common source of supply, the consequent ability of the wells to produce without waste, and the rights of lessees and royalty owners to receive their share of the total State allowable production, the Commission should

in its order provide that each well now producing or hereafter completed as a producer in the common source of supply shall have a top unit allowable to be fixed by the Commission, but not to exceed twice the top unit allowable for a 40-acre unit with deep well adaptation.

7. That the area which may at this time be reasonably considered to contain the probable productive limits of said common source of supply is: Sections 34, 35 and 36, Township 14 South, Range 37 East and Sections 1, 2, 3, 10, 11, 12, 13, 14, 15 and the north halves of Sections 22, 23, and 24, all in Township 15 South, Range 37 East, Lea County, New Mexico; and that the Commission's order in this cause should be made applicable to and include all of this described area, subject to any future extensions or reductions thereof after notice and hearing.

WHEREFORE, applicant respectfully requests that the commission set this application for public hearing at the time and place to be fixed by the Commission, that due and proper notice be given as required by law, and that at the conclusion of said hearing the Commission make and enter an order determining and defining the probable productive limits of the common source of supply referred to above, naming the pool, establishing proration units of 80 acres each, providing for the drilling of only of only one well on each proration unit with such well to be located in the center of either of the two governmental quarter-quarter sections comprising such proration unit with a tolerance of 150 feet in any direction to avoid surface obstructions, and providing for each such well an allowable of not to exceed twice the top unit allowable for a 40-acre unit with deep well adaptation.

DATED this 22nd day of March, 1951.

R. M. WILLIAMS

Raymond A. Lynch

Harry D. Turner,
Attorneys for Applicant

LAW OFFICES
E. R. WRIGHT
SANTA FE
NEW MEXICO
TELEPHONE 740

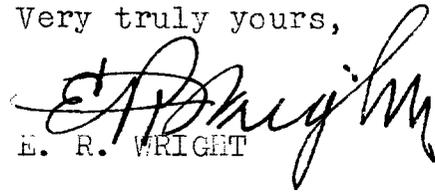
June 25, 1951

Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

Inclosed herewith find two extra copies of petition of Phillips Petroleum Company for re-hearing of Orders Nos. R-74 and R-75, in compliance with your phone request of this date.

Very truly yours,



E. R. WRIGHT

ERW/d1

Inclosures

1 Copy 1-25-51 7-2-51 (re)
E. R. Wright

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
SANTA FE, NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
OF NEW MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 269
ORDER NO. R-74

THE MATTER OF THE APPLICATION OF PHILLIPS
PETROLEUM COMPANY FOR THE ESTABLISHMENT
OF PRORATION UNITS AND PROVIDING FOR THE
ALLOWABLES FOR THE SILURO-DEVONIAN COMMON
SOURCE OF SUPPLY DISCOVERED IN McALESTER
FUEL COMPANY, et al, J. M. DENTON WELL NO.
1-A, SW/4 SE/4, SECTION 11, T. 15S, R. 37E,
N.M.P.M. DENTON POOL, LEA COUNTY, NEW MEXICO.

TO: STATE OF NEW MEXICO OIL
CONSERVATION COMMISSION.

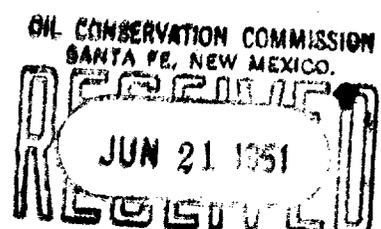
REQUEST FOR HEARING AND ORAL ARGUMENT.

Now comes the Phillips Petroleum Company, petitioner in
the above entitled matter, and requests the Commission to grant
it a hearing and right to make oral argument and introduce addi-
tional testimony in support of its petition and motion for re-
hearing, and requests the Commission to set the matter for hearing
and argument upon the motion for re-hearing for July 25, 1951,
immediately following the state-wide hearing heretofore set for
July 24, 1951.

Respectfully requested,



Attorney for Phillips Petroleum
Company, Santa Fe, N. M.



STATE OF NEW MEXICO
SANTA FE, NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION OF NEW MEXICO
FOR THE PURPOSE OF CONSIDERING:

CASE NO 269
ORDER NO. R-74

THE MATTER OF THE APPLICATION OF PHILLIPS
PETROLUUM COMPANY FOR THE ESTABLISHMENT OF
PRORATION UNITS AND PROVIDING FOR THE
ALLOWABLES FOR THE SILURO-DEVONIAN COMMON
SOURCE OF SUPPLY DISCOVERED IN McALESTER
FUEL COMPANY et al J. M. DENTON WELL NO.
1-A, SW/4SE/4 SECTION 11, T. 15S, R. 37E,
N.M.P.M., DENTON POOL, LEA COUNTY, NEW MEXICO.

MOTION FOR RE-HEARING OF ORDER NO. R-74 HANDED DOWN
BY THE COMMISSION JUNE 5, 1951, DENYING THE APPLI-
CATION OF PHILLIPS PETROLUUM COMPANY FOR AN ORDER
ESTABLISHING 80 ACRE SPACING OF THE SILURO-DEVONIAN
COMMON SOURCE OF SUPPLY DISCOVERED IN McALESTER
ET AL, J. M. DENTON WELL NO. 1-A.

Now comes the Phillips Petroleum Company and moves the
Commission, and by means of motion for re-hearing, petitions the
Commission to re-open this proceeding for the purpose of recon-
sidering the order so entered by the Commission on June 5, 1951,
and to permit petitioner to offer additional evidence and argu-
ment in support of this motion and petition for re-hearing, and
for grounds thereof shows the Commission:-

1. In its application dated March 22, 1951, petitioner
requested that Sections 34, 35 and 36, Township 14, South of
Range 37 East, and Sections 1, 2, 3, 10, 11, 12, 13, 14 and 15,
and the north halves of Sections 22, 23 and 24, all in Township
15, South of Range 37 East, Lea County, New Mexico, be determined
to be within the common source of supply for the Denton Siluro-
Devonian field, which field is considered from present available
information as lying at a depth of approximately 12,000 feet;
that the order entered by the Commission on June 5, 1951, ignores
all of the evidence offered at said hearing, and is contrary to
the same, as to the Ralph Lowe Dickenson Well No. 1 located in
the SE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 35, Township 14, South of Range 37 East,
which definitely established that the production from said well
came from the same common source of supply as wells in Sections
11, 12, 13 and 14 of Township 15, South of Range 37 East; and

that the wells drilling in Section 2 of Township 15, South of Range 37 East, at the time of said hearing all were projected to and will be completed in the same common reservoir as the wells in Sections 11 and 14, which are now producing from the Siluro-Devonian formation.

2. Notwithstanding the fact that all of said testimony introduced at said hearing established the fact that the well in Section 35, Township 14, South of Range 37 East, above referred to, produces from the same common source of supply as the other wells referred to herein, the Commission has, by ignoring this fact, granted an allowable of 351 barrels a day to the well in Section 35, as against an allowable of 295 barrels a day to wells in Sections 11 and 14, which action of the Commission results in unequal withdrawal between these wells, giving a preferential right to the well in Section 35, thereby preventing the owners of wells in Sections 11 and 14 from obtaining their just and equitable share of the oil and gas in the common pool, in violation of Section 69-213, New Mexico Statutes 1941 Annotated.

3. In denying the application of the petitioner for 80 acre spacing, the Commission, in its order of June 5, 1951, erred in that:-

(a) The owners of property within the pool are required to drill more wells than are reasonably necessary to secure their proportionate part of the production from the pool:

(b) The drilling of wells on the basis of 40 acre spacing tends to create fire and other hazards conducive to waste;

(c) 40 acre spacing in the Denton pool unnecessarily increases production cost of oil and gas to the operator;

(d) 40 acre spacing unnecessarily increases the cost of oil and gas products to the ultimate consumer;

(e) It directly violates the directives issued by the

Petroleum Administration for Defense (PAD), in that it requires the unnecessary use and waste of steel during the present national emergency;

(f) It renders impossible the utilization of 80 acre spacing in the event subsequent development of the pool should determine and prove that 80 acre spacing should be applied rather than 40 acre spacing; and

(g) It unnecessarily discourages development of the oil and gas resources of the State of New Mexico by requiring unnecessary use of steel and by requiring costly drilling of unnecessary wells.

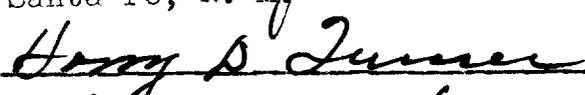
4. The order of the Commission of June 5, 1951, by fixing well spacing at 40 acres tends to discourage deep drilling and the exploration for and development of deep reservoirs and reserves and the more rapid defining of the limits of a pool, all of which efforts are now being encouraged by the Petroleum Administration for Defense.

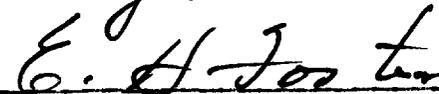
5. By the Commission's said order it has acted against the best interests of the royalty owners, including the State of New Mexico as a royalty owner, and the people of the State of New Mexico, in that it has disregarded the fact that there are better methods of securing greater ultimate recovery of oil and gas than simply by drilling more wells.

In submitting this petition and motion for re-hearing, and during the pendency of this motion for a re-hearing and until final determination by the Commission of Petitioner's application for 80 acre spacing, it is requested that the Commission, by an appropriate order or directive, restrict the location of wells to the northwest quarter and southeast quarter of each quarter section in the field.

Respectfully submitted,



Santa Fe, N. M.




BEFORE THE OIL CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO

Mary L. ...

IN THE MATTER OF THE APPLICATION)
OF PHILLIPS PETROLEUM COMPANY)
FOR THE ESTABLISHMENT OF PRORATION)
UNITS AND PROVIDING FOR THE ALLOWABLES)
FOR THE SILURO-DEVONIAN COMMON SOURCE)
OF SUPPLY DISCOVERED IN McALESTER FUEL)
COMPANY ET AL J. M. DENTON WELL NO. 1-A,)
SW/4 SE/4 SECTION 11 TOWNSHIP 15 SOUTH)
RANGE 37 EAST, LEA COUNTY, NEW MEXICO,)
KNOWN AS THE DENTON FIELD.)

Case 269
CAUSE NO. _____
ORDER NO. _____

A P P L I C A T I O N

COMES, NOW, Phillips Petroleum Company, Bartlesville, Oklahoma,
and alleges and states:

1. That McAlester Fuel Company, et al, El Dorado, Arkansas,
has drilled and on October 4, 1949 completed a well known as "J. M.
Denton No. 1-A" located in the center of the SW/4 SE/4 Section 11-15S-37E,
Lea County, New Mexico, and discovered a new common source of supply of
oil known as the Siluro-Devonian, which common source of supply was found
in said well at the depth of from 11,325 feet to 11,464 feet, the probable
productive limits of said common source of supply to be determined by the
Commission.

2. That in addition to the discovery well referred to above,
the following wells have been drilled or are now being drilled to said
common source of supply in the area:

- (a) Ohio Oil Company - Denton No. 3, located in
NW/4 SE/4 Section 11-15S-37E, which was completed
on January 22, 1951 as a producing oil well from
depth 11,916 feet to depth 12,044 feet.
- (b) Atlantic Refining Company - Bettie C. Dickinson
No. 1-A, located in NW/4 NW/4 Section 13-15S-37E,
which was completed December 9, 1949 as a producing
oil well from depth 11,272 feet to depth 11,324
feet.
- (c) Gulf Oil Corporation - L. R. Chamberlain No. 1,
located in NW/4 NE/4 Section 14-15S-37E, which
was completed March 9, 1950 as a producing oil
well from depth 11,501 feet to depth 11,513 feet.
- (d) McAlester Fuel Company - McClure No. 1-A, located
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- (e) McAlester Fuel Company - J. S. Waller No. 1, located
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as a dry hole on February 20, 1950 at total depth
12,015 feet.

- (f) Ralph Lowe - Dickinson Estate No. 1, located in SE/4 SW/4 Section 35-14S-37E, which was completed December 11, 1950 as a producing oil well from depth 12,360 feet to total depth 12,385 feet.
- (g) Phillips Petroleum Company - Denton No. 1, located in SE/4 NW/4 Section 11-15S-37E, which encountered the Siluro-Devonian common source of supply from depth 11,445 feet to depth 12,555 feet which yielded flowing oil production on numerous drill-stem tests, has reached total depth 12,623 feet, run casing, and will be completed as a producing oil well.
- (h) Atlantic Refining Company - Federal-Jones No. 1, located in SW/4 SW/4 Section 35-14S-37E, which was drilling at approximately 6690 feet on March 10, 1951.
- (i) Atlantic Refining Company - State No. 1-T, located in SE/4 SW/4 Section 2-15S-37E, which was drilling at approximately 9800 feet on March 10, 1951.
- (j) Skelly Oil Company - State No. 1-F, located in NE/4 NW/4 Section 2-15S-37E, which was drilling at approximately 11,000 feet on March 10, 1951.
- (k) Ohio Oil Company - Denton No. 4, located in NE/4 SW/4 Section 11-15S-37E, which was drilling at approximately 4750 feet on March 10, 1951.
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- (m) McAlester Fuel Company - McClure No. 1-B, located in NW/4 SE/4 Section 14-15S-37E, which was drilling at approximately 3500 feet on March 10, 1951.
- (n) McAlester Fuel Company - McClure No. 1-C, located in NE/4 NE/4 Section 14-15S-37E, which was drilling at approximately 375 feet on March 10, 1951.

3. A plat of the area showing the location of the wells referred to above, circled in red, is attached hereto and marked EXHIBIT "A".

4. That in order to bring about the proper development of said common source of supply, prevent waste and to avoid the drilling of unnecessary wells, and to secure the greatest ultimate recovery therefrom, and to protect the correlative rights of the interested parties therein, it is necessary and proper for the Commission to enter its order providing for proration units of 80 acres each with one well for each unit, such being the area which may be efficiently and economically drained by one well.

5. That in view of the relatively narrow structure and the steeply-dipping attitude of the Siluro-Devonian formation containing the common source of supply herein referred to, in the interest of obtaining the greatest ultimate recovery of oil the Commission should provide in its order that the required location for the well on each 80-acre proration

- (o) Gulf Oil Corporation - L. R. Chamberlain No. 2D, located in NE/4 NW/4 Section 14-15S-37E, which was drilling at approximately 400' on April 9, 1951.

5. That in order to bring about the orderly and proper development of said common source of supply, prevent waste and to avoid the drilling of unnecessary wells, and to secure the greatest ultimate recovery therefrom, and to protect the correlative rights of the interested parties therein, it is necessary and proper for the Commission to enter its order providing for proration units of 80 acres each with one well for each unit, such being the area which may be efficiently and economically drained by one well, and to provide for the uniform spacing of said wells in the center of the Northwest and Southeast forty-acre tracts of each quarter section, with a tolerance of 150 feet to avoid surface obstructions.

WHEREFORE, applicant respectfully requests that the Commission set this application for public hearing at the time and place to be fixed by the Commission, that due and proper notice be given as required by law, and that at the conclusion of said hearing the Commission make and enter an order determining and defining the probable productive limits of the common source of supply referred to above, naming the pool, establish proration units of 80 acres each, providing for the drilling of only one well on each proration unit and provide for a uniform spacing of such wells, designating the location of said wells in the center of the Northwest and Southeast forty-acre tracts of each quarter section with a tolerance of 150 feet in any direction from said prescribed location to avoid surface obstructions, and to provide for exceptions in the cases of the wells heretofore completed or now being drilled to said common source of supply.

Substitute for last page of application

BEFORE THE OIL CONSERVATION COMMISSION
OF
THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY
FOR THE ESTABLISHMENT OF PRORATION
UNITS AND PROVIDING FOR THE ALLOWABLES
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RANGE 37 EAST, LEA COUNTY, NEW MEXICO,
KNOWN AS THE DENTON FIELD.

CASE 289
ORDER ~~285~~

APPLICATION

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2. well locations*

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5. That in view of the relatively narrow structure and the steeply-dipping attitude of the Siluro-Devonian formation containing the common source of supply herein referred to, in the interest of obtaining the greatest ultimate recovery of oil the Commission should provide in its order that the required location for the well on each 80-acre proration unit may, at the discretion of the operator, be in the center of either governmental quarter-quarter section comprising the unit, with a tolerance of 150 feet to avoid surface obstructions.

6. That in consideration of the thickness of the oil pay section of the common source of supply, the consequent ability of the wells to produce without waste, and the rights of lessees and royalty owners to receive fair their/share of the total State allowable production, the Commission should

in its order provide that each well now producing or hereafter completed as a producer in the common source of supply shall have a top unit allowable to be fixed by the Commission, but not to exceed twice the top unit allowable for a 40-acre unit with deep well adaptation.

7. That the area which may at this time be reasonably considered to contain the probable productive limits of said common source of supply is: Sections 34, 35 and 36, Township 14 South, Range 37 East and Sections 1, 2, 3, 10, 11, 12, 13, 14, 15 and the north halves of Sections 22, 23, and 24, all in Township 15 South, Range 37 East, Lea County, New Mexico; and that the Commission's order in this cause should be made applicable to and include all of this described area, subject to any future extensions or reductions thereof after notice and hearing.

WHEREFORE, applicant respectfully requests that the commission set this application for public hearing at the time and place to be fixed by the Commission, that due and proper notice be given as required by law, and that at the conclusion of said hearing the Commission make and enter an order determining and defining the probable productive limits of the common source of supply referred to above, naming the pool, establishing proration units of 80 acres each, providing for the drilling of only of only one well on each proration unit with such well to be located in the center of either of the two governmental quarter-quarter sections comprising such proration unit with a tolerance of 150 feet in any direction to avoid surface obstructions, and providing for each such well an allowable of not to exceed twice the top unit allowable for a 40-acre unit with deep well adaptation.

DATED this 22nd day of March, 1951.

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