

EXHIBIT NO. 1

Amerada
Case 319
4-15-52

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. 198
ORDER NO. 840

THE APPLICATION OF AMERADA PETROLEUM
CORPORATION FOR AN ORDER ESTABLISHING
EIGHTY ACRE PRORATION UNITS; ESTABLISH-
ING A UNIFORM PATTERN FOR THE SPACING
AND DRILLING WITH ALLOWANCE FOR TOLERANCE
FOR SURFACE OBSTRUCTIONS; AND FOR AN ORDER
FIXING AND ESTABLISHING ALLOWABLES FOR
WELLS DRILLED OR TO BE DRILLED IN THE
HIGHTOWER POOL TO THE COMMON SOURCE OF
SUPPLY DISCOVERED IN AMERADA-STATE
BTB NO. 1 WELL (DEVONIAN), 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 1, 1949 at Santa Fe, New Mexico, before the Oil
Conservation Commission of the State of New Mexico, herein-
after referred to as the "Commission".

NOW, on this 18th day of November, 1949, the Commission
having before it for consideration the testimony adduced at
the hearing of said cause and being fully advised in the
premises.

FINDS:

1. That the applicant, Amerada Petroleum Corporation has drilled and completed Amerada-State BTB No. 1 well located in the approximate center of NW/4 NW/4 of Section 26, Township 12 south, Range 33 east, N.M.P.M. and discovered a new common source of supply at the approximate depth of 10,090-10,200 ft., in the Devonian formation.
2. That the initial production from said well was 781 barrels of 56.9 gravity pipe line oil in 19 3/4 hours through 1/4 in. tubing choke from 10,155 ft.-10,165 ft. and with a gas-oil ratio of 280.
3. That the probable area has been delineated and recommended by the Nomenclature Committee and approved by the Commission for Devonian production as discovered by the above described well as follows:

All of sections, 22, 23, 26 and 27 in Township
12 south, Range 33 east, N.M.P.M.

4. That Gulf Oil Company is now drilling a well in SE/4 SE/4 section 22, and Amerada Petroleum Corporation is also drilling a well in the NW/4 SW/4 of section 26, all in Township 12 south, Range 33 east; both being at a present depth of approximately 9000 ft. and projected to the Devonian pay discovered in Amerada-State BTB No. 1 within the "Hightower" pool as lately designated, and described hereinabove.

5. That this order shall cover all wells now or hereafter drilled to the common source of supply (Devonian) to which the discovery well, Amerada-State BTB No. 1 was drilled and is producing from within the pool described in paragraph 3 above, so as to insure a proper and uniform spacing, developing and producing plan for all wells drilled to the common source of supply.

6. That recognizing the conditions indicated by the discovery well, the Commission finds it advisable to amend and supplement its present rules, regulations and orders to properly cover the matter of lease development and well spacing now or hereafter drilled to, into and producing from the Hightower-Devonian formation encountered at a depth between 10,090 ft. and 10,200 ft. in the "Hightower" pool.

7. That the present rules and regulations of the Commission are adequate and sufficient to properly cover the drilling, equipping and operation of wells to the newly discovered common source of supply as found in Amerada-State BTB No. 1 well, and therefore, the general statewide rules and the special rules should remain in full force and effect except as hereinafter modified, amended or superceded.

8. That the "Hightower" Devonian formation as found in the Amerada-State BTB No. 1 well, is apparently a common source of supply which should be drilled and developed under a special program, other than that ordinarily required in compliance with existing Commission regulations particularly Order No. 637 effective March 1, 1946 with respect to proration units, spacing and assignment of allowables due to the depth of such wells, drilling time required, the high costs attached thereto, in addition to the hazards of deep exploration.

9. That the best interest of the State of New Mexico seems to require encouragement of operators in the exploration and development of the States' natural resources, particularly oil and gas, by the authorization of a reasonable, proper and equitable spacing and development pattern for the "Hightower" pool.

IT IS THEREFORE ORDERED:

1. That the Amerada-State BTB No. 1 well located in the center of NW/4 NW/4 of section 26, Township 12 south, Range 33 east, N.M.P.M. is producing oil from the Devonian formation, a newly discovered common source of supply not heretofore discovered and produced in New Mexico, and that the probable area for such production is as follows:

All of sections 22, 23, 26 and 27, in Township 12 south, Range 33 east, N.M.P.M. (Hightower pool) Lea County, New Mexico.

2. That it is the intent of this order to cover all of the Devonian formation common source of supply within the area designated herein, and upon any regular additions to the Hightower pool which may from time to time be made, and that any well within said designated area to the same common source of supply shall be drilled on the pattern herein provided.

3. That 80-acre spacing and drilling units be established as hereinafter provided, for the production of oil and gas from the Devonian formation underlying the area as hereinabove described.

4. That each governmental quarter section be divided into two equal rectangular spacing units by a line drawn north-

south through such quarter section, and with wells to be drilled in the center of the northwest and southeast forty acre tracts of each such spacing unit, with a tolerance of not in excess of 150 ft. provided, however, that the units within may be changed by agreement of operators within any quarter section of the designated area upon proper showing before the Commission.

5. That allowable shall be assigned on the basis of proration units as herein established, and any proration unit of less than the normal one-half of a governmental quarter section as the result of an exception granted by the Commission after notice and hearing, shall be assigned an allowable in proportion that the acreage thereof bears to the 80-acre spacing unit - or one-half of a quarter section.

6. That the daily oil allowable for an 80-acre unit provided for herein shall be assigned to the Amerada-State BTB No. 1 well, the discovery well, located in the approximate center of NW 4 NW 4 of section 26, Township 12 south, Range 33 east, N.M.P.M., Lea County, New Mexico and to all other wells hereafter drilled and produced in accordance with the provisions of this order based upon the proportional factor of 4.67 times the regular top allowable until such time as the Commission may issue such further and additional orders as may be deemed necessary herein.

7. All rules, regulations and orders heretofore issued by this Commission which may conflict herewith are superceded, only with respect to the Devonian formation production at the approximate depth of 10,090 ft.-10,200 ft. in the Hightower pool.

8. That this Order shall be in full force and effect from and after December 1, 1949.

9. That the Commission retains jurisdiction of this case for the purpose of issuing such further and additional orders as may seem necessary to meet changed conditions, preclude inequities and preserve correlative rights; all upon the motion of the Commission or upon the petition of any interested operator upon public hearing, after notice as provided by law.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

(SEAL)

s/ Thomas J. Mabry
THOMAS J. MABRY, CHAIRMAN

GUY SHEPARD, MEMBER

s/ R. R. Spurrier
R. R. SPURRIER, SECRETARY