

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 2, 1957

Mr. Jack Campbell
P.O. Box 721
Roswell, New Mexico

Dear Sir:

On behalf of your client, Texas Pacific Coal & Oil Company, we enclose a copy of Order R-991 issued May 1, 1957, by the Oil Conservation Commission in Case 1220, which was heard on March 14th.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encl.

C
O
P
Y

LAW OFFICES OF
CAMPBELL & RUSSELL
J. P. WHITE BUILDING
ROSWELL, NEW MEXICO

12 April 1957

JACK M. CAMPBELL
JOHN F. RUSSELL

TELEPHONES
MAIN 2-4641
MAIN 2-4642

Re: Case No.1220 in the matter
of the application of Amerada
Petroleum Corporation for
rules and regulations relating
to gas pool delineation and
gas proration in the Bagley
Field, Lea County, New Mexico

New Mexico Oil Conservation Commission
Capitol Building
Santa Fe, New Mexico

Gentlemen:

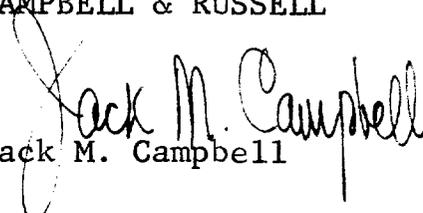
This letter is written on behalf of the Texas Pacific Coal and Oil Company. We have received a copy of a proposed Order in this case submitted to the Commission by Amerada Petroleum Company.

It is my recollection that, at the hearing, the attorney for the Commission requested Amerada to submit a proposed formula for prorating gas if the Commission decided to take such action, and I presume this completed Order is their attempt to comply with the request.

Texas Pacific Coal and Oil Company has no objection to the defining of the separate gas pools or to the establishing of drilling units of 160 acres, but we strenuously object to a 640-acre proration unit and to any allocation of production by Order of the Commission at this time. It is our belief that the purchasing companies can prorate the gas at this stage of development, based upon their contracts, and that any extensive Order such as that submitted to the Commission is premature.

Very truly yours,

CAMPBELL & RUSSELL


Jack M. Campbell

JMC:mb

GENERAL OFFICES
120 BROADWAY NEW YORK

AMERADA PETROLEUM CORPORATION

BEACON BUILDING
P. O. BOX 2040
TULSA 2, OKLA.

ROBERT J. STANTON
GENERAL COUNSEL
JOHN S. MILLER
ASSISTANT GENERAL COUNSEL

LEGAL DEPARTMENT

H. D. BUSHNELL
HAROLD J. FISHER
ROBERT T. JAMES
ROBERT E. LEE
JAMES C. MCWILLIAMS
VIRGIL C. MORELLE
ARDEN E. ROSS
ATTORNEYS

April 5, 1957

The Secretary
New Mexico Oil Conservation Commission
P.O.Box 871
Santa Fe, New Mexico

Re: Case No. 1220, in the matter of
the application of Amerada Petroleum
Corporation for rules and regulations
relating to gas pool delineation and
gas proration in the Bagley Field,
Lea County, New Mexico.

Gentlemen:

We enclose copies of the proposed order setting forth the suggested rules pertaining to development of the Upper and Lower Pennsylvanian Gas Pools in the Bagley Field, referred to in captioned case.

Copies of these rules are being furnished to Shell Oil Company and Texas Pacific Coal & Oil Company, the two companies which made an appearance at the hearing in captioned case heard in Santa Fe on March 14, 1957.

Very truly yours,


H. D. Bushnell

HDB:FC

Air Mail

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

MEMORANDUM:

TO: Mr. A. L. Porter, Jr.

FROM: E. A. Utz

SUBJECT: Case 1220 - *Dea*

Amerada Bagley-Pennsylvanian application for:

(1) Extension of horizontal limits and restudying the vertical limits of the 9800 foot Pennsylvanian gas zone.

(2) Create a new gas pool for the 8600 Pennsylvanian gas zone.

(3) Restrict the vertical limits of the Pennsylvanian oil zone between the two gas zones.

(4) *Deny* ^{to} 640 acre spacing and proration in the two gas pools.

My recommendations will follow closely to the following:

(1) Limit the horizontal limits of the 9800 zone to the 160 acres the wells are in. Determine the vertical limits.

(2) Create a new gas pool for the 8600 zone. The horizontal limits to include the 160 acres the wells are in.

(3) Determine the vertical limits of the Pennsylvanian oil zone.

(4) Deny 640 spacing and gas proration.

(5) Set up 160 spacing and a ratable take stipulation in the order.

March 27, 1957

/dea