

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF AMARCA PETROLEUM CORPORATION
FOR THE ESTABLISHMENT OF FIVE
SECTION UNITS AND SURFORD UNITS
OF WELLS IN THE HOOVER POOL, IN
LEA COUNTY, NEW MEXICO,

CASE NO. 204
ORDER NO. 2-6

ORDER GRANTING PETITION.

The Commission having heard in Case No. 204 on January 11,
1930, Order No. 2-6, and the Amarca Petroleum Corporation having filed
the timely notice for rehearing,

IT IS, THEREFORE, ORDERED

1. The application for rehearing filed by Amarca Petroleum
Corporation is hereby granted.
 2. The rehearing shall be held at the State Capital Building
in Santa Fe, New Mexico, on February 21, 1930, commencing at 10:00 a.m.
- DONE at Santa Fe, New Mexico, this 2nd day of February, 1930.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

THOMAS J. MARR, CHAIRMAN

Grey Shepard
GREY SHEPARD, MEMBER

R. A. SPURLOCK, SECRETARY

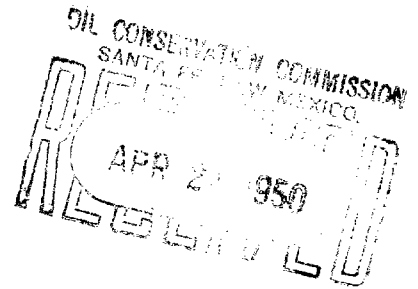
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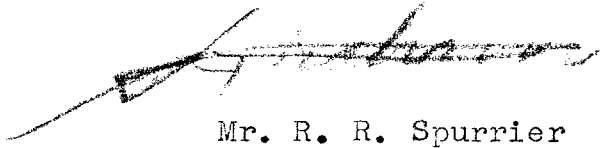
REESE AND McCORMICK

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

ATTORNEYS AT LAW
BUJAC BUILDING
CARLSBAD, NEW MEXICO

April 20, 1950




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

Dear Dick:

Enclosed is proposed order in Case No. 204, being the Knowles Pool spacing order. This proposed order is drafted in conformity with our previous discussion. In my opinion the Commission will be free to go to either a 40-acre or an 80-acre spacing pattern after the hearing on 20 December, 1950. In other words, this will be merely a temporary order, and no operator or royalty owner will have any grounds to claim that he has vested property rights in the spacing pattern.

If this meets with your approval, you and the other members of the Commission should sign the order.

Yours very truly,


Don G. McCormick

DGM:bb

Enclosure



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. BOX 661 · TULSA 2, OKLAHOMA

January 23, 1950

GYPSY
DIVISION
RUSH GREENSLADE
VICE PRESIDENT

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

Gentlemen:

Attached hereto is joinder of Gulf Oil Corporation in the application of Amerada Petroleum Corporation for a rehearing in Case No. 204. This is the application of Amerada Petroleum Corporation for the establishment of proration units and uniform spacing of wells in the Knowles Pool, Townships 16 and 17S, Range 18E, Lea County, New Mexico.

Please file Gulf's joinder in this case. It is sincerely hoped that there may be a rehearing and further consideration of this matter.

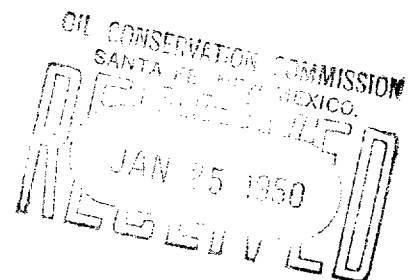
Yours very respectfully,

GULF OIL CORPORATION

BY


R. S. KNAPPEN

RSK:wh
Att'd



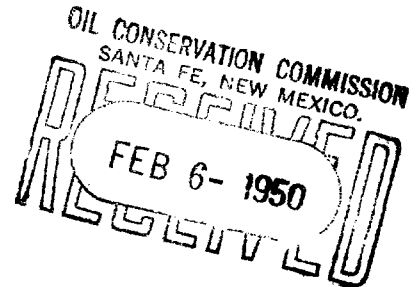
SINCLAIR OIL & GAS COMPANY

SINCLAIR BUILDING

TULSA, OKLAHOMA

LEGAL DEPARTMENT

February 2, 1950



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

In re: Case No. 204 - Order No. R-3

Gentlemen:

Enclosed please find joinder on behalf of Sinclair Oil & Gas Company in the application for rehearing in the matter of the application of Amerada Petroleum Corporation for the establishment of proration units and uniform spacing of wells in the Knowles Pool, Lea County, New Mexico.

Will you please give us as much advance notice as possible of any hearing that is set in connection with the matter?

Very truly yours,

Cecil R. Buckles
Cecil R. Buckles
Attorney
Box 521
Tulsa 24, Oklahoma

CRB:nb
Enc.

OIL CONSERVATION COMMISSION HEARINGS

MARCH 22, 1950

NAME	ADDRESS	REPRESENTING
Melton Bragance	Worth Tex	Rowan Siding Co.
R.G. Schuchle	Midland Tex	Tex Pac Oil Co
E.T. ADAIR	FORT WORTH	TEX PAC OIL CO
Raymond Lamb	Artesia N.M.	Wilson Oil Co
Homer Dailey	Midland Tex	Continental Oil Co.
E.F. Kinney	Artesia, N.M.	N.M. Bureau Mines
M.T. Smith	Midland Tex	Phillips Oil Co
W.E. Bates		The Texas Co
Ray D. Younsworth	O.C.C.	Hobbs NM
W.S. Blynn	"	"
Booth Kephough	Tulsa Okla	Amerasia
Elmer Stacy	Hobbs N.M.	Zen Co. Oklahoma
Frank Barnes	Santa Fe	Oil Commission
J. Hersock	Tulsa	MidCont Pet Corp
C.D. Borland	Hobbs	Gulf Oil Corp
F.J. DANGLADE	LOVINGTON	SELF
Edward Jennings	Roswell	Malco Ref. Inc.
Sam L. Malone	Roswell	Atwood, Williams & Bell
Jack M. Campbell	Roswell	"
Frank D. Sanders	Midland	Simland O. & P.
R.L. Denton	"	Magnolia Pet Co
A.P. Manzingo	Kermit	Magnolia Pet. Co.
Oliver Roth	Santa Fe	Amerasia Standard
B.J. Sines	Monument	Amerasia
C.V. Meliken	Tulsa Okla	✓
F.S. Christie	Ft. Worth Tex	✓
E. L. ...	O.C.C.	
W.L. ...	O.C.C.	
Betty P. ...	Oil Commission	Santa Fe

ILLEGIBLE

Gulf - Darling

Although Gulf has no acreage within the area considered in this application for spacing, and no knowledge of the reservoir characteristics from drilling operations, we are interested in this case inasmuch as Gulf has acreage in the near vicinity which might ultimately be productive.

It is an established fact that wells drilled to the depth at which oil was encountered in the Knowles Pool cost a very substantial sum of money and therefore will necessarily require greater ultimate recoveries to pay out the investment.

In order to encourage the development of deep structures and thus establish reserves which would otherwise not be developed, it is necessary that an operator have some additional incentive to venture his capital in the drilling of these deep wells. Increasing the allowable for the deep wells is some incentive; however, unless the margin of ultimate profit to be expected from the high cost wells is economically attractive and somewhat comparable percentage-wise to the margin of profit to be anticipated from the shallower wells, then the operator is hesitant to develop the deep seated structure. This is true because the drilling of a few dry holes could substantially or completely offset the profits from the productive wells.

In order to foster development and encourage the operator to risk the capital necessary for deep development, Gulf is of the opinion that the Commission should grant spacing orders wider than 40 acres in the deep reservoirs such as the Knowles Pool whenever reservoir conditions appear to justify this action.

Charge to the account of

SERVICE DESIRED	
TELEGRAM	CABLE
DAY LETTER	ORDINARY
SERIAL	URGENT RATE
NIGHT LETTER	DEFERRED
NIGHT LETTER	NIGHT LETTER

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

WESTERN UNION

A. N. WILLIAMS
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

1206

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

RECEIVED
ACCOUNTING INFORMATION
MAR 23 1950
TIME FILED

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

Midland, Texas
March 21, 1950

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

With reference to hearing of Case 204 this date the Humble Oil & Refining Company does not presently own acreage near the Knowles Pool but is most interested in the spacing of deep wells in New Mexico stop We have critically reviewed geological and reservoir data covering current development in the Knowles Field and find no evidence to indicate that 80 acre spacing will not efficiently and economically drain this pool and other pools of similar character.

HUMBLE OIL & REFINING COMPANY

BY: R. S. DEWEY

CC - Mr. J. W. House, Bldg.
Mr. W. E. Hubbard, Houston
Mr. R. R. Spurrier - Santa Fe- Confirmation

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

To guard 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 repeated message rate is charged in addition. Unless otherwise indicated on its face, this is an un-repeated 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 un-repeated 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 repeated 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 repeated-message rate is paid as agreed to be paid, and an additional charge equal to one-tenth of one per cent 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 in the case of any message except an intrastate message in Texas where the claim is not presented in writing to the Company within sixty days after the message is filed with the Company for transmission, and in the case of an intrastate message in Texas the Company will not be liable for damages or statutory penalties where the claim is not presented in writing to the Company within ninety-five days after the cause of action, if any, shall have accrued; provided, however, that neither of these conditions shall apply to claims for damages or overcharges within the purview of Section 415 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.

CLASSES OF SERVICE

DOMESTIC SERVICES

TELEGRAMS

A full-rate expedited service.

DAY LETTERS

A deferred service at lower than the standard telegram rates.

SERIALS

Messages sent in sections during the same day.

NIGHT LETTERS

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

CABLE SERVICES

ORDINARIES

The standard service, at full rates. Code messages, consisting of 5-letter groups only, at a lower rate.

DEFERREDS

Plain-language messages subject to being deferred in favor of full-rate messages.

NIGHT LETTERS

Overnight plain-language messages.

URGENTS

Messages taking precedence over all other messages except government messages.

March 10, 1950

Case 204

RE: In the matter of the application of Amerada Petroleum Corporation for an order establishing proration units and uniform spacing of wells for the common source of supply discovered in the W. W. Hamilton No. 1 well, NE SW section 35, T.16 N., R.38 E., E.M.P.M., Knowles pool, Lea County, New Mexico

You are hereby notified that the record of the Commission hearing, held in Santa Fe, New Mexico, on February 21 in the matter of Case 204, was continued to March 21, 1950, 10:00 o'clock a.m., House of Representatives.

OIL CONSERVATION COMMISSION

Secretary and Director

Mr. J. O. Seth, Santa Fe for Amerada
Mr. Jack M. Campbell, for TP G&O
Glenn Staley
George A. Graham

ILLEGIBLE

GENERAL OFFICES
120 BROADWAY NEW YORK

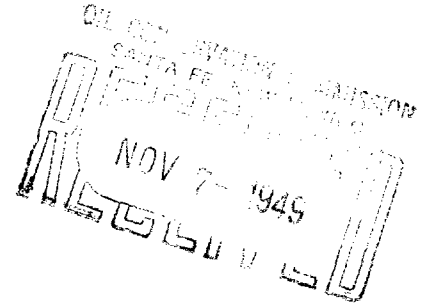
AMERADA PETROLEUM CORPORATION

BEACON BUILDING
P. O. BOX 2040

TULSA 2, OKLA.

November 4, 1949

Case 204



Mr. R. R. Spurrier, Secretary
New Mexico Conservation Commission
State Capitol Building
Santa Fe, New Mexico

Dear Mr. Spurrier:

Enclosed herewith in quadruplicate is application for spacing and drilling units in the area of our W. W. Hamilton No. 1 in Section 35-16S-38E, Lea County, New Mexico. Copies of this application are also being mailed to Mr. Glen Staley and to the Magnolia Petroleum Company, which is the only other company owning acreage within the area for which spacing is requested. We will also send copies of this application to those companies which, according to our information, own acreage adjoining the requested spacing area as indicated on the exhibit attached to the application.

We trust that you will set this for hearing at your earliest convenient date and arrange for public notices in accordance with the law. Kindly advise us of your action concerning this matter.

Very truly yours,

AMERADA PETROLEUM CORPORATION

By

C. V. Millikan
C. V. Millikan

CVM:jm
Encl.

cc - Mr. Glen Staley
Mr. R. S. Christie

February 8, 1950

Mr. U. M. Rose
Attorney at Law
Hobbs, New Mexico

Dear Mr. Rose:

At the suggestion of Commissioner Guy Shepard, I am enclosing a copy of a notice in the matter of the rehearing in Case 204 -- the 80-acre spacing in the Knowles Pool in Lea County--also a copy of the Order granting rehearing. Under separate cover, this office is sending you a copy of the Rules and Regulations of the Oil Conservation Commission, should you desire to intervene in this rehearing.

You doubtless know that at a recent hearing the Oil Conservation Commission, by order, rejected the 80-acre spacing in the so-called Knowles Pool, but has consented to rehearing the matter at which you and your clients may be heard.

Very truly yours,

GEORGE A. GRAHAM
Attorney, State Land Office
and Oil Conservation Commission

GAG:mih
enclosures
cc. Oil Conservation Commission