

Amerada
Case 314

EXHIBIT NO. 2

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. 204
ORDER NO. R-3

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 IN LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing before the Commission on November 24, 1949, on the application of Amerada Petroleum Corporation to establish proration units and uniform spacing of wells for the Knowles Pool, in Lea County, New Mexico.

The Commission having heard the evidence presented, the argument of counsel and being duly advised,

FINDS:

1. It has jurisdiction of this case and the parties thereof, due notice of hearing having been given.

2. The evidence is insufficient to prove that the proposed plan of spacing would avoid the drilling of unnecessary wells, secure the greatest ultimate recovery from the pool or protect correlative rights.

3. The evidence is insufficient to prove that one well drilled on each 80-acre tract would efficiently drain the recoverable oil from the pool.

4. The evidence is insufficient to prove that the proposed plan of spacing would prevent waste.

5. The evidence is insufficient to prove that the proposed plan is fair to the royalty owners in said pool.

IT IS THEREFORE ORDERED:

1. The application of Amerada Petroleum Corporation is denied.

2. Nothing contained herein shall be construed to require the drilling of one well on each 40-acre tract in the pool.

3. Nothing contained herein shall be construed to be a determination by the Commission as to what constitutes "reasonable development" of any lease in the pool in relation to the implied covenants of any such lease.

DONE at Santa Fe, New Mexico, on the 11th day of January, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

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

s/ Guy Shepard
GUY SHEPARD, MEMBER

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