

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
COMPULSORY COMMUNITIZATION
OF THE W/2 OF SECTION 6, TOWN-
SHIP 30 NORTH, RANGE 11 WEST,
NMPM, SAN JUAN COUNTY, NEW
MEXICO.

CASE NO. 706)
CASE NO. 846) Consolidated

Order No. R-560-B

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF W/2 OF
SECTION 6, TOWNSHIP 30 NORTH,
RANGE 11 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO, CONTAINING
328.17 ACRES.

APPLICATION FOR REHEARING

Your Applicant, EL PASO NATURAL GAS COMPANY, applies for re-
hearing and states:

1. Applicant is the owner of oil and gas leasehold interests
in and under the tract of land described in the caption and is a
party affected by Order No. R-560-B entered by the Commission on
January 12, 1956.

2. Your Applicant would show the Commission that its Order
No. R-560-B is erroneous as follows.

a. That the Commission's Finding No. 9, insofar as it
finds that the date upon which the working interest owners agreed
to communitize their leases of May 19, 1954 is not supported by
and is contrary to the credible evidence.

b. That the Commission's Finding No. 11 that the pooling
and drilling unit was established on May 19, 1954 is not supported
by and is contrary to the weight of the credible evidence.

c. That the portion of Paragraph 1 of the Commission's Order
establishing May 19, 1954 as the date the drilling unit upon a
pooled and communitized tract became effective is erroneous.

d. That there is no evidence in the record to show that
the working interest owners made any agreement on the 19th day of

May, 1954, the date when the original hearing was conducted, and that the evidence shows the agreement to have been made and consummated prior to that date and the selection of that date is arbitrary and unreasonable.

e. That the evidence shows the working interest owners had agreed to communitize and pool their respective interests prior to March 23, 1953, on which date a Notice of Intention to Drill was filed with the Commission.

f. That the finding of the Commission that an agreement was made on May 19, 1954 is an arbitrary and unreasonable finding and not necessary to a determination of the applications.

g. The Commission having held that the working interest owners have the power without the joinder of the lessors to enter an agreement for the communitizing or pooling of tracts of land into drilling units in conformity with Order R-110, the Commission exceeded its jurisdiction by determining the date upon which the working interest owners made such agreement and exceeded its jurisdiction in determining that such agreement did not become effective until the date of the first hearing, which findings were not necessary to a determination of the applications. The Commission, having found that the working interest owners effectively pooled or communitized the tracts of land into a drilling unit, has no further jurisdiction and the Commission's Order is erroneous in attempting to do more than determine the effect of the agreement made by the working interest owners. When that agreement effectively pooled the several tracts into a drilling unit, there remained nothing further for the Commission to do, and those portions of the Commission's Order which attempt to pool or communitize at a later date are invalid and void.

h. Paragraph 2 of the Commission's Order is beyond its jurisdiction and is not supported by the evidence, and is contradictory and contrary to all of the findings and conclusions of the

Application for Rehearing

Cases Nos. 706 and 846

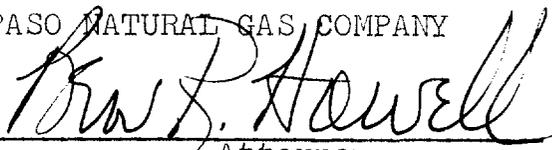
Commission made in the remaining portions of the Order.

WHEREFORE, your Applicant respectfully requests the Commission to grant a rehearing in these consolidated cases and to hear such further evidence as may be material, and to reconsider the Order entered by the Commission.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY

By



Attorney

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APPLICATION FOR REHEARING

Come now Saul A. Yager, Marian Yager, M. E. Gimp,
Morris Mizel and wife, Flora Mizel, and Sam Mizel, by their
attorneys, Campbell & Russell, and make application to the
Commission for rehearing upon Order No. R-560-B, and as a basis
for the application state:

(a) Applicants are the owners of interests in Lot 4,
Section 6, Township 30 North, Range 11 West, N.M.P.M., San Juan
County, New Mexico and are parties affected by Order No. R-560-B
entered by the Commission on January 12, 1956.

(b) Order No. R-560-B is erroneous in the following
respects:

1. Finding No. 10 is erroneous in that Order No.
R-110 was not complied with in the establishment of the drilling
unit.

2. Finding No. 11 is erroneous in that the approval
of the Commission of the unorthodox location was not after
notice and hearing as required by law, and said finding is further
erroneous in that all interests within said unit were not con-
solidated by pooling agreement or otherwise as required by

Order No. R-110.

3. Order No. R-560-B is contrary to Section 1(a) of Order No. R-110 of the Commission.

4. Order No. R-560-B is contrary to Section 13(b) of Chapter 168, Laws of 1949, as amended.

5. Order No. R-560-B is an unreasonable and arbitrary interpretation of the Commission's rules and regulations and deprives Applicants of their correlative rights.

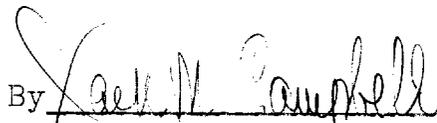
6. Order No. R-560-B deprives Applicants of their property without due process of law.

7. Order No. R-560-B impairs the obligations of a valid lease contract between Applicants and El Paso Natural Gas Company.

WHEREFORE, Applicants request a rehearing in Case No. 706 - 846 Consolidated on Order No. R-560-B.

Respectfully submitted,

Saul A. Yager, Marian Yager,
M. E. Gimp, Morris Mizel and
wife, Flora Mizel, and Sam
Mizel

By 
for CAMPBELL & RUSSELL
their attorneys