

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:

CASE NO. 1634
Order No. R-1382

APPLICATION OF THE PURE OIL COMPANY
FOR AN ORDER PROMULGATING TEMPORARY
SPECIAL RULES AND REGULATIONS FOR THE
SOUTH VACUUM-DEVONIAN POOL IN LEA
COUNTY, NEW MEXICO, TO PROVIDE FOR
80-ACRE PRORATION UNITS.

APPLICATION FOR REHEARING

TO THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO:

Comes now The Pure Oil Company, Applicant in the above case, and respectfully applies for a rehearing therein, and in support thereof states that the Commission erred in entering its Order No. R-1382 dated April 30, 1959, in the following respects:

1. The primary basis of the Order is contained in Finding No. 4:

"(4) That the applicant has failed to prove that the South Vacuum-Devonian Pool can be efficiently drained and developed on an 80-acre spacing pattern."

The evidence introduced by Applicant established that the South Vacuum-Devonian Pool could be efficiently drained and developed on an 80-acre spacing pattern, and there is no evidence in the record to the contrary. Therefore, Finding No. 4 of the Commission is contrary to and without any support in the evidence.

2. The Order is further based on Finding No. 5:

"(5) That development of the South Vacuum-Devonian Pool on 40-acre proration units will not cause the drilling of unnecessary wells."

The evidence introduced by the Applicant established that development of the South Vacuum-Devonian Pool on 40-acre proration units would cause the drilling of unnecessary wells, and there was no

evidence introduced to the contrary. Therefore, Finding No. 5 of the Commission is contrary to and without any support in the evidence.

3. Finding No. 6 of the Commission that the drilling and spacing of wells should continue to be governed by Rule No. 104 is based upon Findings Nos. 4 and 5, and as they are without support in the evidence, there is no support in the evidence for Finding No. 6.

4. The Applicant requested temporary special rules for a period of one year. The Application requested 80-acre spacing during that time with no increase in allowables above that which can now be produced from a 40-acre tract. The Application further requested permission to shut in one well, transfer its allowable to an adjoining well, and to take pressure tests during the one year to further bear out the evidence that one well will efficiently drain 80 acres.

Even though the evidence offered was sufficient under the requirements of Section 65-3-14(b) 1953 NMSA to justify the establishment of permanent 80-acre proration units, the application did not request permanent rules, but only that temporary rules for one year be established which would insure an 80-acre development pattern in the field during that year and would afford during that time an opportunity for further conclusive interference tests to substantiate the drainage area of a well. In effectively denying the operators of the opportunity to maintain an 80-acre spacing pattern for the temporary period of one year and in effectively denying the operators the opportunity to develop further evidence based on interference tests as to the effective area of drainage of a well in the pool, the Order of the Commission was without justification in equity and without support or basis in the evidence. Applicant maintains that in justice and equity the Commission should in any instance where it is possible to do so without waste afford to the operators a reasonable opportunity to prove to the satisfaction of the Commission the effective drainage area of a well. This can best be done by a

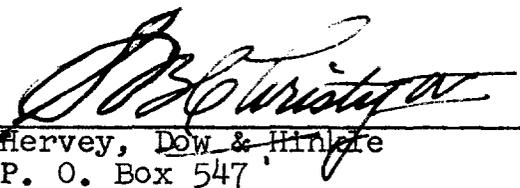
temporary wide-spacing pattern with interference tests. A pool can subsequently be developed on closer spacing, but once the closer spacing pattern has been effectively forced upon the operators, if experience proves that a wider spacing pattern was justified, unnecessary wells have been drilled and economic waste has been incurred.

WHEREFORE, Petitioner prays that this Application for Rehearing be granted for the purpose of reconsidering Order No. R-1382 and that after notice and hearing as required by law, the Commission rescind its Order No. R-1382 and enter an order granting the temporary special rules and regulations as requested in the Application of the Petitioner for the original hearing.

Respectfully submitted,

THE PURE OIL COMPANY

By


Hervey, Dow & Hinkle
P. O. Box 547
Roswell, New Mexico

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

April 30, 1959

Mr. Howard Bratton
Hervey, Dow & Hinkle
P.O. Box 547
Roswell, New Mexico

Dear Mr. Bratton:

On behalf of your client, The Pure Oil Company, we enclose two copies of Order R-1382 issued April 30, 1959, by the Oil Conservation Commission in Case 1634, which was heard on April 15th at Hobbs.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

*Order sent to
Melvin Neal, 4-30-59
Hobbs BP*

C
O
P
Y

1382-A

LAW OFFICES
HERVEY, DOW & HINKLE
HINKLE BUILDING
ROSWELL, NEW MEXICO

J. M. HERVEY 1874-1953
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
HOWARD C. BRATTON
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
ROBERT C. BLEDSOE

TELEPHONE MAIN 2-6510
POST OFFICE BOX 547

May 19, 1959

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

Re: Case No. 1634
Order No. R-1382

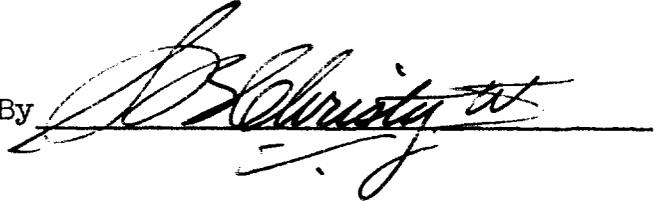
Gentlemen:

Enclosed herewith please find in triplicate the Application of The Pure Oil Company for a rehearing in the above case.

Within one week the Applicant will submit a brief in support of this Application for Rehearing.

Very truly yours,

HERVEY, DOW & HINKLE

By 

SBC:db
Enclosures

J. M. HERVEY 1874-1953
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
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May 26, 1959

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

Re: Case No. 1634
Order No. R-1382

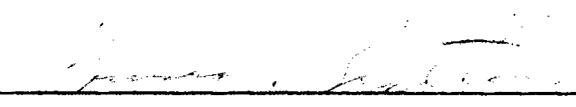
Gentlemen:

In connection with the Application for Rehearing which we have heretofore filed in the above case on behalf of The Pure Oil Company, we hand you herewith a Brief in support of said Application for Rehearing.

Your consideration of the Application for Rehearing and of the enclosed Brief will be appreciated.

Very truly yours,

HERVEY, DOW & HINKLE

By 

HCB:db
Enclosure
cc: Mr. Melvin Neal
Attorneyat Law
Hobbs, New Mexico

C. MELVIN NEAL
J. W. NEAL

NEAL & NEAL
LAWYERS
NEAL BUILDING
HOBBS, NEW MEXICO

TELEPHONE:
EXPRESS 3-5171
P. O. BOX 278

May 30, 1959

New Mexico Oil Conservation Commission,
Post Office Box 871,
Santa Fe, New Mexico.

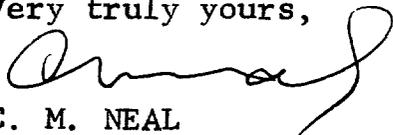
RE: CASE NO. 1634
ORDER NO. R-1382 (PURE OIL COMPANY)
(REEVES)

Gentlemen:

We enclose for your consideration Answer of
Reeves to Brief in Support of Application for Rehearing,
which was filed by Pure Oil Company.

Thank you.

Very truly yours,


C. M. NEAL

N/l's
Encl.

cc: Messrs. Hervey, Dow & Hinkle,
Attorneys at Law,
Roswell, New Mexico.

Attention: Mr. Howard C. Bratton.
(w/copy of Answer Brief)