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May 10, 1960

Oil Conservation Commission  
State Capitol  
Santa Fe, New Mexico

Attention: Mr. A. L. Porter

Gentlemen:

I enclose original and two copies of Motion for Rehearing in Case No. 1941. I would appreciate your advising writer the action of the Commission in connection with the granting of the rehearing.

Respectfully submitted,

GIRAND & STOUT

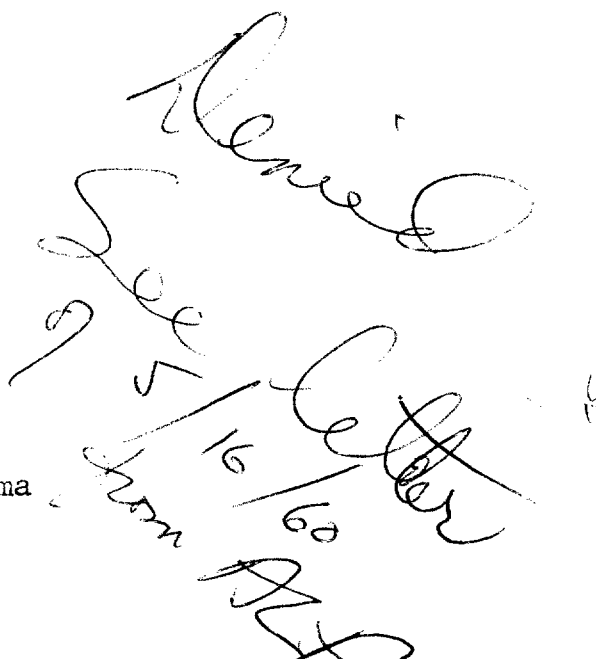
BY:



Enclosures  
G/jw

cc: Jal Oil Company  
Box 1744  
Midland, Texas

cc: Olsen Oils, Inc.  
Liberty Bank Bldg.  
Oklahoma City 2, Oklahoma



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. 1941  
Order No. R-1655

APPLICATION OF JAL OIL COMPANY  
FOR EXCEPTIONS TO VARIOUS PROVI-  
SIONS OF ORDERS R-520, R-967, AND  
R-1092-A FOR 3 WELLS IN THE JALMAT  
GAS POOL, LEA COUNTY, NEW MEXICO.

MOTION FOR REHEARING

COMES NOW the Jal Oil Company, a New Mexico corporation with principal office in Midland, Midland County, Texas, and files this its Motion for Rehearing on the above entitled and numbered application, and for cause would show:

1. That the above numbered application was heard on April 13, 1960, and thereafter on April 25, 1960, the Commission entered its order thereon; that in said order the Commission made twenty-one findings and denied the relief prayed for by the applicant. Applicant excepts to the findings made by the Commission numbered 10, 13, 14, 15, 16, 17, 18, 19 and 21 for the reason that said findings are not supported by any evidence offered at the hearing.

2. That the Commission has ignored entirely the uncontroverted proof offered by the applicant to the effect that all of said wells are connected to low pressure gathering lines having an operating pressure of approximately 100 pounds, being the minimum required under contract; that the subject wells produce large volumes of water in connection with the production of gas and the only method of producing being that of artificial means, i.e. pump-jack or floating piston, that the rate of gas


flow cannot be regulated because of the rate of flow of the encroaching water; that tests show on the Watkins No. 2 that the minimum rate of gas the well should be allowed to produce in order to prevent premature abandonment of said well was 375 MCF's per day; this test was made by the El Paso Natural Gas Company, i.e. that the gas proration schedule for the Jalmat Gas Pool for the month of March disclosed 387 gas wells; that the applicant owned and operated 10 of these wells, thereby owning 2.584% of the producing gas wells in the pool. It further showed that the total daily allowable for gas from the Jalmat Gas Pool was 8,600,945 MCF's and that the allowable attributable to applicant's wells was 131,666 MCF's or 1.531% of the total gas allowable to said wells, i.e. that applicant had combined in the record the testimony in Case No. 1779 heard by the Commission on October 7, 1959, and that from said date of the subject wells involved in the prior application, three of said wells had been entirely lost and incapable of being placed back on production, this loss of wells due to shut-in being the undisputed testimony of all witnesses as shown by the record in two cases, i.e. that the Commission failed to find that the subject wells were allowed to produce for more than one year as marginal wells before being reclassified and upon their reclassification were charged with all production for a 12-month period, bringing about a considerable over-production which could have been averted had the wells been timely reclassified in accordance with the rules, i.e. that the Commission has ignored the mandate of the statute which requires the Commission to act to prevent the premature abandonment of wells due to the encroachment of water and the Commission failed to determine that there

is no basis for marginal wells under a gas proration order which provides for a deliverability test.

WHEREFORE, applicant prays that this application be set for rehearing and upon final determination the applicant be granted the relief as originally prayed for.

JAL OIL COMPANY

By

A handwritten signature in dark ink, appearing to read 'W. D. Girand', is written over a horizontal line.

W. D. Girand, Attorney