

(b) Finding of the Commission (6) that all of the acreage contained in the proposed proration unit will not be efficiently drained by wells presently producing in the Eumont Gas Pool is contrary to the evidence submitted to the Commission in open hearing.

(c) Finding of the Commission (6) that all of the acreage contained in the proposed proration unit will not be efficiently drained by wells presently producing in the Eumont Gas Pool is contrary to the physical facts as they exist in the Eumont Gas Pool, which facts can be demonstrated by additional testimony before the Commission upon rehearing.

(d) That denial of application of Stanolind Oil and Gas Company for approval of a non-standard gas proration unit consisting of the E/2 of Section 21, Township 20 South, Range 37 East, Eumont Gas Pool, NMPM, Lea County, New Mexico, is discriminatory because of the action of the Commission in granting to Sinclair Oil and Gas Company approval of a non-standard proration unit comprising approximately 320 acres, being the W/2 of Section 21, Township 20 South, Range 37 East, Eumont Gas Pool, NMPM, Lea County, New Mexico; the facts presented in support of Sinclair's application being substantially the same or identical with the facts that exist with reference to the application of Stanolind Oil and Gas Company for approval of a non-standard gas proration unit in the E/2 of Section 21, Township 20 South, Range 37 East, Eumont Gas Pool, NMPM, Lea County, New Mexico; all of which facts can be demonstrated on rehearing and were established at the hearing in connection with Case No. 899.

(e) That the action of the Commission in denying application of Stanolind Oil and Gas Company for a non-standard proration unit, all as aforesaid, although granting application of Sinclair Oil and Gas Company, permitting the establishment of a non-standard gas unit in the W/2 of the same Section, was and is contrary to the

directions to the Commission contained in the Laws of the State of New Mexico, with particular reference to Article 65-3-15(e), Article 65-3-14(b) and Article 65-3-13(c), any or all, New Mexico Statutes 1953 Edition. The facts with reference to failure of the Commission to follow the directions contained in the New Mexico Statutes can be brought before the Commission on rehearing for which this application is made.

(f) That said order is believed to be erroneous because of the physical facts, testimony concerning which was offered at the hearing, and testimony concerning which in greater detail and additional testimony will be offered on rehearing, which will establish that the O. J. Gillully "B" Well No. 6-X, located 390 feet from the North Line and 660 feet from the East line of said Section 21, Township 20 South, Range 37 East, Lea County, New Mexico, will efficiently and economically drain and develop an area of at least 320 acres; that the approval of a non-standard proration unit consisting of the E/2 of said section will prevent the drilling of an unnecessary well in the Eumont Gas Pool; that applicant will suffer economic loss caused by the drilling of such unnecessary well; that correlative rights, including those of royalty owners, will be fully protected and waste prevented if application of Stanolind Oil and Gas Company is approved for said non-standard gas proration unit; that the risk arising from the drilling of an additional well in the E/2 of said section will be greater if application of Stanolind Oil and Gas Company for a non-standard proration unit is not approved; that the quantity of gas that will be recovered by reason of the one well located on said non-standard gas proration unit for which application is made will be the same, or substantially the same, as if two wells were drilled thereon, and that the action of the Commission in approving the non-standard proration unit for which application was made by Sinclair Oil and Gas Company covering the E/2 of said Section 21, while denying the application of Stanolind Oil and Gas Company

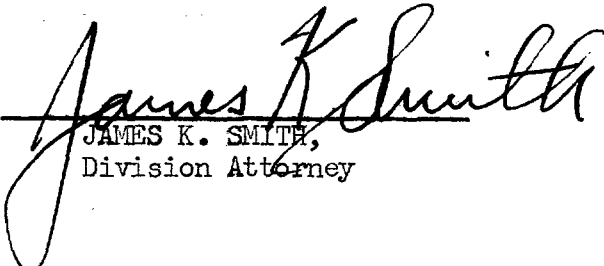
for approval of a similarly sized gas proration unit in the E/2 of said Section, does not adequately protect correlative rights in the Eumont Gas Pool because such action will permit drainage between producing tracts in the Eumont Gas Pool, which is not equalized by counter-drainage.

(g) That the findings of the Commission in Order No. R-685 do not support the order that was entered, being inadequate, insufficient, contrary to the requirements of the Statutes of the State of New Mexico, and do not apprise, fairly or otherwise, applicant of the basis or reason for the order that was entered.

WHEREFORE, Stanolind Oil and Gas Company files this its application with the Commission and asks that the Commission grant the rehearing herein requested for the reasons hereinabove stated, that upon rehearing Stanolind Oil and Gas Company may submit additional testimony and evidence respecting each of the matters stated hereinabove, any or all of them, and upon rehearing that the application of Stanolind Oil and Gas Company for a non-standard proration unit comprising the E/2 of Section 21, Township 20 South, Range 37 East, Lea County, New Mexico, be approved. Stanolind Oil and Gas Company prays for such other and further relief as the evidence before the Commission may warrant.

Respectfully submitted,

STANOLIND OIL AND GAS COMPANY


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