

THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS



PRODUCING DEPARTMENT
WEST TEXAS DIVISION

February 18, 1958

P. O. BOX 1720
FORT WORTH 1, TEXAS

APPLICATION FOR REHEARING

Case No. 1327

Order No. R-1092-A

New Mexico Oil Conservation Commission
Box 871
Santa Fe, N. M.

Gentlemen:

In our application for rehearing of the above captioned matter, we inadvertently failed to include the enclosed Exhibit "A", to which reference is made in the application. Please find attached the above referred to exhibit.

Yours very truly,

A handwritten signature in dark ink, appearing to read "H. N. Wade".

H. N. Wade
Petroleum Engineer

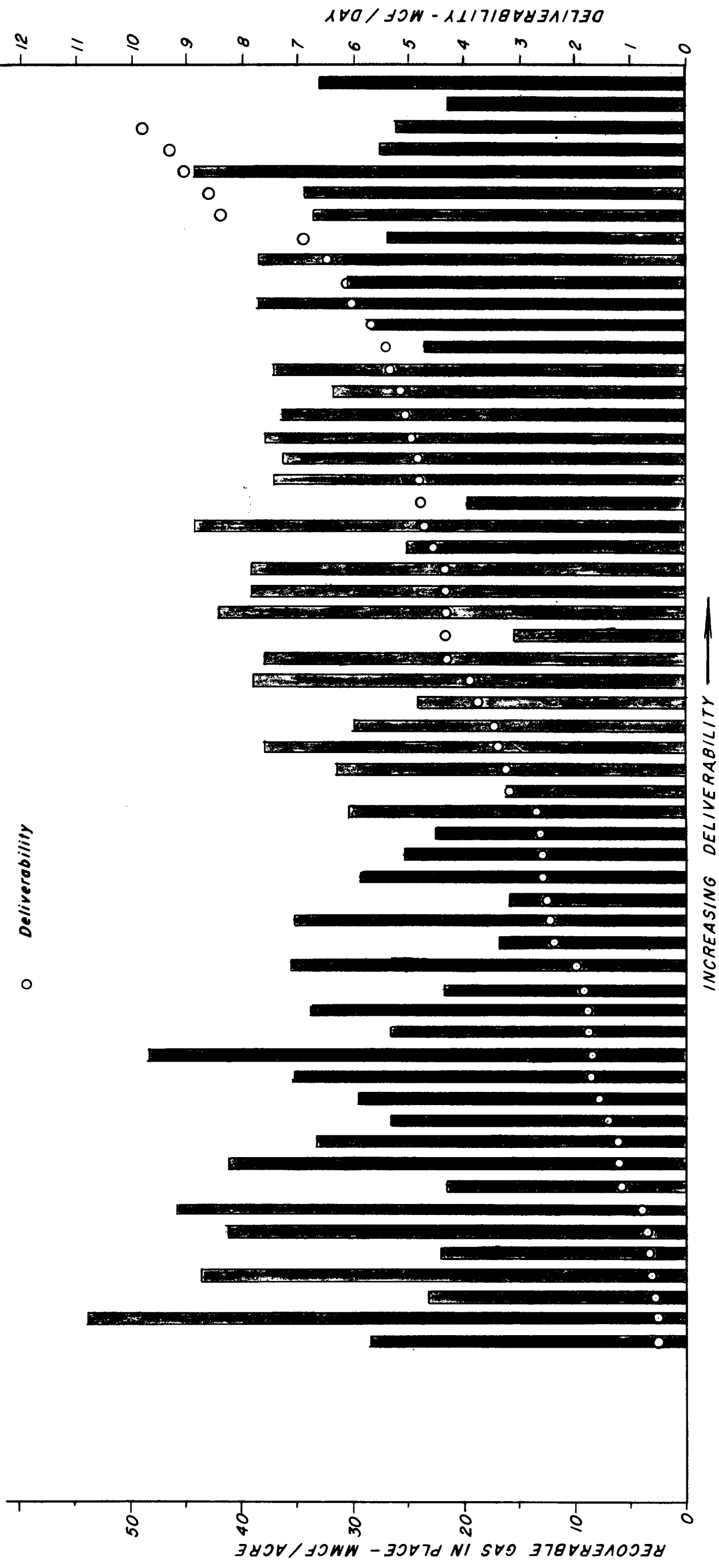
HNW:dl

attachment

EXHIBIT SHOWING ABSENCE OF CORRELATION
BETWEEN DELIVERABILITY & RECOVERABLE GAS IN PLACE
FOR 58 WELL AREA
JALMAT FIELD, LEA COUNTY, NEW MEXICO

LEGEND

- Recoverable Gas In Place
- Deliverability



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. 1327
Order No. R-1092-A

APPLICATION OF TEXAS PACIFIC COAL &
OIL COMPANY FOR AN ORDER IMMEDIATELY
TERMINATING GAS PRORATIONING IN THE
JALMAT GAS POOL; OR IN THE ALTERNATIVE,
REVISING THE SPECIAL RULES AND REGULATIONS
FOR THE JALMAT GAS POOL IN LEA COUNTY,
NEW MEXICO.

APPLICATION FOR RE-HEARING

Comes now The Texas Company, a corporation, and states to
the Commission:

(1) The Texas Company operates four gas wells in the Jalmat Gas Pool in Lea County, N. M. Applicant, as an operator in the Jalmat Gas Pool, participated in hearings on the above captioned application which resulted in the issuance of Order No. R-1092-A. Applicant requests that a rehearing be scheduled to cover that portion of Order No. R-1092-A which provides that effective July, 1, 1958, a deliverability factor should be included in the gas proration formula of the Jalmat pool in that applicant believes and alleges that Order No. R-1092-A is erroneous, illegal and is invalid and in support thereof, states the following:

(a) By asking the inclusion of a deliverability factor in the proration formula of the Jalmat Gas Pool, the application of Texas Pacific Coal & Oil constituted a collateral attack upon Order No. 520 in Case No. 673, which was entered by the Commission on the 12th day of August, 1954 and therefore should not have been considered by the Commission as a basis for its Order in Case No. 1327, insofar as said order related to the inclusion of deliverability in the proration formula.

(b) Order No. R-520 entered by this Commission in Case No. 673 constituted a final determination by the Commission that 100 percent acreage was the proper basis for the allocation of production from the Jalmat Gas Pool and that deliverability should

not be included in the Jalmat Gas Pool proration formula. Texas Pacific Coal and Oil Company, an active supporter of the inclusion of deliverability in the Jalmat Gas Pool, as indicated by its participation in Case No. 673, made no appeal from the final decision of the Commission in this matter by its Order No. 520. On the basis of the record in this case, the Commission is without authority to modify or change the decision reached in Case No. 673 as indicated by Order No. R-520.

(c) Applicant respectfully alleges that this Commission's finding (5) in its Order No. R-1092_A is completely unsupported by the evidence presented in Case No. 1327. In support of this contention applicant attaches as Exhibit "A", a vertical bar graph which indicates an absence of correlation between recoverable gas in place and deliverability on 58 tracts, all of which was made a part of the record of Case No. 1327. Applicant submits that even if a correlation between recoverable gas in place and deliverability had been shown, such finding would provide no basis under New Mexico statutes for modification of the pre-existing 100 percent acreage allocation formula.

(d) The Commission by its finding (6) of Order No. R-1092-A indicates that it has considered, in its decision in Order No. R-1092-A, its belief that (1) the inclusion of the deliverability in the Jalmat proration formula would result in the production of a greater percent of the pool allowable and, (2) that it will more nearly enable the various gas purchasers in this pool to meet the market demand for gas from the pool. Applicant respectfully submits that these factors are not permitted by the statutes of New Mexico and therefore provide no legal basis for the allocation of production from the Jalmat Pool.

(e) In view of the length of time that many of the wells in the Jalmat Gas Pool have been in operation, the Commission's order is such that vested rights, which have been established during the previous operating life of this field will be disturbed and the correlative rights of the owners of many of these older wells will be in jeopardy.

(f) Applicant, as a result of this order will be required to expend at least \$20,000 to increase the deliverability of its four wells in the Jalmat Gas Pool in an attempt to protect its correlative rights. This expenditure will result in economic waste since the ultimate recovery from the acreage served by applicant's four wells will not be appreciably increased as a result of the remedial operations. The alternative to this unnecessary expenditure is uncompensated drainage which will adversely affect the correlative rights of applicant.

(g) The existing proration order for the Jalmat Gas Pool has been changed by the Commission through its order R-1092-A without a preponderance of evidence being submitted by applicant in Case No. 1327 which would assure the Commission that waste would be reduced or eliminated or that the correlative rights of the owners in the Jalmat Pool would be protected to a greater degree by including deliverability in the allocation formula for the Jalmat Gas Pool. It is respectfully submitted that the Commission, by its action,, has issued an order that is invalid.

WHEREFORE, applicant respectfully prays the Commission that a rehearing be granted in the above style and numbered case pertaining to that portion of Order No. R-1092-A which provides for the inclusion of a deliverability factor in the allocation formula of the Jalmat Gas Pool, effective July 1, 1958.

THE TEXAS COMPANY

By: _____

W. N. Sands

W. N. Sands
Attorney