

BEFORE THE OIL CONSERVATION COMMISSION

OF

THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF )  
R. J. PALMER, LINDRITH, NEW MEXICO, FOR A )  
REHEARING ON HIS APPLICATION FOR A PERMA- )  
NENT ORDER PROHIBITING GREENBRIER OIL )  
COMPANY FROM REMOVING, TAKING OR IN ANY )  
OTHER MANNER INTERFERING WITH THE TUBING, )  
CASING OR OTHER EQUIPMENT LOCATED IN OR ON )  
THE PALMER NO. 1 WELL, NE $\frac{1}{4}$ S W $\frac{1}{4}$  of SE $\frac{1}{4}$  of )  
SECTION 1, T. 24 N., R. 2 W., N.M.P.M., RIO )  
ARRIBA COUNTY, NEW MEXICO, AND ALSO REQUEST- )  
ING AN EMERGENCY ORDER. )

NO. 574  
ORDER NO. E-4  
ORDER NO. 385

COMES NOW the applicant, R. J. PALMER, of Lindrith, New Mexico, through his attorney, THOMAS F. MCKENNA, and in conformity with Section 69-223 of the New Mexico Statutes Annotated, 1941 Compilation, respectfully requests a REHEARING in respect to the Order of the Oil Conservation Commission of the State of New Mexico, hereinafter called "Commission," said Order having been dated and entered Nov. 10, 1953, with such request being based on the following grounds:

1. Finding No. 3 of said order which reads, "that the ownership of the properties and the legal relationships of the parties in the matter are outside the jurisdiction of the Commission," is completely erroneous and without support in fact and law as a basis for refusing the relief requested since the applicant did not request a determination of the ownership as between the parties of the lease or the properties involved and, furthermore, the jurisdiction of the Commission as to conservation and prevention of waste are present and existent regardless of the ownership of the lease or the properties involved.

2. By its Finding No. 2, the Commission admits that it has jurisdiction over the subject matter of the application, but sets forth in part of its finding that "the possibility of waste resulting from plugging and abandonment of the subject well is remote in view of the production estimates which, if reasonably correct, would not permit recovery of original drilling costs within the foreseeable future," which part of the Finding the applicant states is erroneous for the following reasons:

(a) The testimony and evidence adduced and admitted in the form of shut-in royalty payments by the Greenbrier Oil Company show that the Greenbrier Oil Company viewed the Palmer No. 1 well profitable, or that it could be made more profitable;

(b) The evidence adduced showed that a valuable discovery of natural gas had been made in the Palmer No. 1 well;

(c) As a matter of engineering and expert testimony, the well possibly could be reworked for the purpose of shutting off the water and increasing the well potential;

(d) The gas now capable of being produced could be sold and utilized successfully by the neighboring community of Lindrith, New Mexico;

(e) The Commission's jurisdiction cannot and is not predicated upon the necessity of any operator being able to recover original drilling costs within any period of time;

(f) The Commission's jurisdiction is based on conservation, which includes in its meaning the elements of preservation as well as upon waste which is defined in Section 69-203 of the same New Mexico Statutes as "Waste, IN ADDITION to its ordinary meaning, shall include: (a) Underground waste; (b) Surface waste, as those words are generally understood in the oil and gas business and in any event, to embrace the unnecessary or excessive surface loss or destruction without beneficial use, however caused, of natural gas of any type or in any form..."

(g) If the casing and tubing are pulled, Palmer No. 1 well would be ruined and destroyed resulting in waste and violating the principles of conservation.

(h) Sound principles of conservation are not furthered by allowing the plugging and abandonment of the Palmer # 1 well completed as a producer for the following reasons:

(1) The applicant can and will upon demand submit the usual plugging bond with the Oil Conservation Commission and thereupon the responsibility of the Greenbrier Oil Company will terminate as to plugging and abandonment;

(2) The Greenbrier Oil Company's desire to pull the casing and tubing and other equipment is predicated solely upon its desire to secure the casing and the tubing or its value through resale;

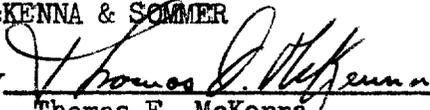
(3) Such casing or tubing and other equipment is not so unique or unavailable that it cannot be purchased on the open market;

(4) Any action on the part of the Commission in enjoining the removal of the casing and tubing and other equipment does not in any manner destroy the claim of the Greenbrier Oil Company for the reasonable value of the casing and tubing and other equipment that could be recovered.

WHEREFORE the applicant requests that he be granted a REHEARING, that an emergency order similar to Order No. E-4 originally granted be placed in effect and kept in effect pending the determination of the rehearing sought, and that such other and further relief be granted that would be proper in the premises.

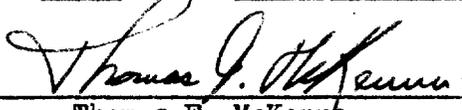
McKENNA & SOMMER

By

  
Thomas F. McKenna  
302 East Palace Avenue  
Santa Fe, New Mexico  
Attorneys for Applicant

CERTIFICATION

I hereby certify that I mailed a true and correct copy of the above Application for Rehearing to OLIVER SETH, ESQ., Attorney for Greenbrier Oil Company, of Santa Fe, New Mexico this 25 day of November 1953.

  
Thomas F. McKenna

BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
STANOLIND OIL AND GAS COMPANY FOR THE  
APPROVAL OF THE BUFFALO UNIT AGREEMENT  
AND AREA EMBRACING 6,127.07 acres OF  
LAND LOCATED IN Township 18 South,  
Range 33 East, and Township 19 South, Range 33 East,  
LEA COUNTY, NEW MEXICO

CASE NO. 576

APPLICATION

An application is hereby made by Stanolind Oil and Gas Company, a corporation, for approval by the Oil Conservation Commission, of an unit agreement entitled "Unit Agreement Buffalo Unit Area, County of Lea, State of New Mexico", said agreement having been entered into between the applicant herein as the Unit Operator and certain working interest owners and royalty owners as have, or may hereafter, subscribe to or consent to the agreement.

The Buffalo Unit Area embraces the following described lands located in Lea County, New Mexico, to-wit:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T.18S, R.33E

Sec. 33: All  
Sec. 34: All  
Sec. 35: All

T.19S, R.33E

Sec. 1: W/2  
Secs. 2 to 4 Inclusive: All  
Sec. 9: N/2  
Secs. 10 and 11: All  
Sec. 12: W/2

Total Unit Area embraces 6,127.07 acres, more or less.

At the hearing hereinafter requested, the requisite number of signed copies of the unit agreement will be submitted for approval and it is requested that the same be returned to the applicant in order that it may file the necessary counterparts thereof with the Department of the Interior of the United States for the purpose of obtaining final approval of the agreement by the Secretary of the Interior. After approval of the agreement by the Secretary of the Interior a complete and signed copy of the unit agreement will be filed in the Office of the Commissioner of Public Lands of the State of New Mexico. An unsigned copy of the unit agreement is herewith filed in the office of the Commission for a temporary record pending the receipt of the final completed copy.

The form of unit agreement has previously been considered by the Commissioner of Public Lands. Geological evidence concerning the structure affected by this unitization will be submitted at the hearing hereinafter requested.

With reference to the lands embraced in this unit, there is attached to the unsigned copy of the unit agreement hereinafter filed, a map of the unit area on which is shown the ownership of the various lands embraced in the said unit. The applicant is continuing efforts to obtain commitments to the unit agreement from those owners of interests who have not yet joined, and a full showing of the commitments will be made at the time of the hearing hereinafter requested.

Within the stated time after the date the unit agreement becomes effective, the unit operator is obligated to commence drilling operations on an adequate test well. Should commercial production be discovered the unitized operation will assure an orderly development program based on structural position and will enable productive operations to be conducted in accordance with the best over-all reservoir practices. Development and operation

will be conducted in accordance with the plans having the joint approval of Federal and State authorities. Under this agreement the State of New Mexico will receive its fair share of the oil and gas, and this will be allocated to it on an acreage basis in any and all participating areas that may be established. This unit agreement is in all respects to the best interests of the State of New Mexico and tends to eliminate waste and promote conservation of oil and gas.

The unit agreement makes express provision that additional parties may join, and to subject their interests to the said agreement after its final approval.

The Commission is respectfully requested to set this matter and application down for hearing and following said hearing to give its approval to the unit agreement.

Respectfully submitted this *August 26, 1953*

STANOLIND OIL and GAS COMPANY

By *Oliver J. Kirk*  
Its Agent and Attorney