

Casa No.

673

Application, Transcript,
Small Exhibits, Etc.

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. 673
ORDER NO. R-520

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER AMENDING, REVISING OR ABROGATING
EXISTING RULES AND REGULATIONS OF THE
OIL CONSERVATION COMMISSION, AND/OR
PROMULGATING RULES AND REGULATIONS,
RELATING TO GAS POOL DELINEATION, GAS
PRORATION, AND OTHER RELATED MATTERS,
AFFECTING OR CONCERNING THE JALCO,
LANGMAT, EUMONT, AND ARROW GAS POOLS,
LEA COUNTY, NEW MEXICO.

EXCEPTIONS TO ORDER NO. R-520 ENTERED
IN CASE NO. 673 ON BEHALF OF ME-TEX
SUPPLY COMPANY

COMES NOW Me-Tex Supply Company, a New Mexico corporation,
with principal office in Hobbs, Lea County, New Mexico, and
files this its exceptions to the order of the Commission
entered in Case No. 673 and entitled Order No. R-520 and for
cause would respectfully show:

1. That the Me-Tex Supply Company is owner of state
oil and gas lease covering lots 5, 6, 11, 12, 13 and 14, in
Section 3, Township 21 South, Range 36 East, N.M.P.M., Lea
County, New Mexico, located within the Eumont Gas Pool as
delineated in Order No. R-370 and as redefined in Order No.
R-520, and is at the present time producing natural gas from
two gas wells located on said lease and has commercially
produced gas from said wells at all times since, prior to the
amendment of the Oil and Gas Conservation Act of the State of
New Mexico wherein gas was included under the conservation laws,
being Chapter 168 of the Laws of 1949 of New Mexico.

2. That the wells located upon said lease are
designated as the Me-Tex-Wallace State No. 2 located on Lot 12
and Me-Tex-Wallace State No. 3 located on Lot 14 in Section 3,
Township 21 South, Range 36 East, N.M.P.M., Lea County, New
Mexico.

3. That the Me-Tex Supply Company is producing gas from its two wells, as set out above, and has been producing gas at all times since the completion thereof and that at the time of the completion of said wells, the wells were drilled in accordance with the laws of the State of New Mexico and the rules and regulations of the Commission and are in all things legal wells and entitled to produce a full allowable.

4. That Order No. R-520 of the Commission, delineating the Eumont Pool and designating 640 acres as a production unit, is unjust, unlawful and discriminatory and violates the constitutional rights of Me-Tex Supply Company in that such rules and regulations set out in said order deprive the Me-Tex Supply Company of the right to produce a full allowable from each of its wells.

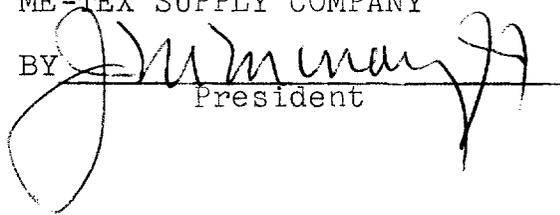
5. That Order No. R-520 is discriminatory in that it authorizes a multiple allowable to one well bore based on the sole factor of acreage assigned to such well bore, for the reason that it has not been conclusively established that the gas zone described as the Eumont Gas Pool, as delineated by Order No. R-520, is a continuous reservoir wherein gas pressures and deliverability of the existing wells are all equal.

WHEREFORE, applicant prays that the Commission amend its Order No. R-520 granting a full gas allowable to all gas wells completed prior to the order of the Commission entered on February 17, 1953, and assign to each of such wells a full unit allowable irrespective of the acreage assigned to said well, subject, however, to their ability to produce the fixed allowable.

Respectfully submitted

ME-TEX SUPPLY COMPANY

BY


President