

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE PETITION)
OF UNITED CARBON COMPANY, INC.,)
(MARYLAND) FOR AN ORDER OF THE)
COMMISSION EXEMPTING IT AND THE)
PRODUCERS OF NATURAL GAS IN THE)
SOUTH EUNICE POOL FROM WHOM IT)
PURCHASES NATURAL GAS, FROM THE)
OPERATION OF THOSE PROVISIONS OF)
ORDER NO. R-368-A, CASE NO. 582,)
OF THE COMMISSION AND RELATED)
ORDERS, LIMITING THE PRODUCTION)
OF NATURAL GAS IN THE SO-CALLED)
JALCO GAS POOL.)

Case NO. 691

APPLICATION FOR TEMPORARY RELIEF

Comes now the above-named United Carbon Company, Inc. (Maryland),
and respectfully shows the Commission:

1. That heretofore on march 8th, 1954, it filed with the Commission its petition praying among other things that the Commission enter its order exempting and excepting the South Eunice Field or Pool, as in said petition referred to, from the operation and effect of the Special Rules and Regulations adopted by the Commission by its Order No. R-368-A in Case No. 582 to such extent as might be necessary to enable it to obtain from the producers of gas in said field with whom it had existing contracts, and to enable said producers to produce from said field and deliver to it, the full amount of 42 million cubic feet of gas per day for use by it in the manufacture of carbon black in its carbon black plant in said petition described.

2. That at the time of filing said petition there was pending before the Commission Case No. 582 involving, among other things, the application of Texas Pacific Coal & Oil Company for a re-hearing on the Commission's Order No. R-368-A theretofore entered in said case. That

said application having from time to time been set for hearing and the taking of evidence on the matters involved, the hearings thereon were continued from month to month, the last continuance having been to the regular hearing to be held by the Commission on March 17, 1954. That as applicant is informed and believes the said application of Texas Pacific Coal & Oil Company was, at the hearing of March 17th, again continued to the regular April hearing of the Commission, pending the Commission's decision in Case No. 673, and that no determination of the matters presented by said application will be had until after said April hearing.

3. That as this applicant is informed and believes the final determination of the questions involved in the application for re-hearing of said Texas Pacific Coal & Oil Company will be determinative of whether said Order No. R-368-A shall continue in effect but that until such final determination shall have been had the Special Rules and Regulations in said order prescribed and governing the production of gas from the so-called Jalco Pool, and more particularly that portion thereof heretofore recognized as and designated the South Eunice Field or Pool, are proposed to be maintained in full force and effect by the Commission.

4. That as alleged in its petition heretofore filed herein on the 8th day of March, 1954, applicant, as a result of the enforcement of the Special Rules and Regulations so adopted by the Commission by its said Order No. R-368-A, was compelled to shut down and as of February 1, 1954, did shut down and discontinue the operation of one-third of its said carbon black plant and if said Special Rules and Regulations are continued in effect and enforced as heretofore, applicant will be forced to keep at least one-third of its plant shut down with a consequent continued reduction in its operations.

5. That the continued enforcement of said Special Rules and Regulations as against the producers of gas in the said South Eunice

Field or Pool with whom applicant has contracts for the purchase of gas and from whom it was obtaining gas for use in the operation of its said plant prior to the adoption of said Special Rules and Regulations is causing and will continue to cause applicant irreparable injury and loss before a hearing on notice can be had on applicant's petition heretofore filed herein, in that:

a. The partial shutting down of applicant's plant has resulted in and will continue to result in a higher cost of production of carbon black at its said plant, which cannot be recovered.

b. The resulting reduction in production has made necessary the withdrawal of carbon black from limited stock to meet market demands, with resulting loss.


c. The resulting reduction in production will preclude it from fulfilling its contract obligations and from meeting market demands.

d. The partial shutting down of its plant is causing, and will result in, a reduction in the total production of carbon black from gas for which applicant has limited term contracts which loss of production it will be unable to recoup.

6. That as applicant is informed and believes the said partial shutting down of its plant has caused, and is causing, and if permitted to continue will cause and result in irreparable losses in production from the wells in said South Eunice Field and in injury to the wells themselves and in irreparable loss to the producers in said field, to the owners of royalties in the oil and gas produced from said field and to the State of New Mexico.

WHEREFORE, applicant prays that pending final determination of the matters raised by the application for re-hearing of Texas Pacific Coal & Oil Company on the Commission's Order No. R-368-A and pending final hearing on applicant's petition heretofore filed herein, the South Eunice

Field or Pool as heretofore recognized by the Commission, and the producers in said field or pool, be exempted and excepted from the operation and effect of the Special Rules and Regulations adopted by the Commission by its said Order No. R-368-A in Case No. 582, to such extent as may be necessary to enable applicant to obtain from the producers of gas in said field with whom it has existing contracts, and as may be necessary to enable said producers to produce from said field and deliver to applicant's existing gathering lines, the full amount of 42 million cubic feet of gas per day for use by it in the manufacture of carbon black in its plant herein involved, and that the Commission forthwith enter its temporary order accordingly.


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Santa Fe, New Mexico

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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:

THE MATTER OF THE PETITION OF UNITED
CARBON COMPANY, INC., FOR AN ORDER OF
THE COMMISSION EXEMPTING IT AND THE
PRODUCERS OF NATURAL GAS IN THE SOUTH
EUNICE POOL FROM WHOM IT PURCHASES
NATURAL GAS, FROM THE OPERATION OF
THOSE PROVISIONS OF ORDER NO. R-368-A,
CASE NO. 582, OF THE COMMISSION AND
RELATED ORDERS, LIMITING THE PRODUCTION
OF NATURAL GAS IN THE SO-CALLED JALCO
GAS POOL.

CASE NO. 691
ORDER NO. R-461-A

APPLICATION FOR REHEARING

Comes now the above-named United Carbon Company, Inc., and requests that it be granted a rehearing in the above-styled proceeding with respect to the order and decision of the Commission entered herein on the 10th day of June, 1954, and in support of its application alleges that it believes that said decision is erroneous in the following respects:

1. That the Commission's Finding No. 11 is erroneous in that in considering, issuing and applying the Rules and Regulations pertaining to the Jalco Gas Pool referred to, in such a way as to affect the rights granted to Charles Eneu Johnson and Company, Petitioner's predecessor in interest, by Order No. 651 of the Commission in Case No. 75, in Finding No. 3 referred to, the Commission exceeded its statutory authority and by applying said rules and regulations to the oil and/or gas wells in the South Eunice Pool from which Petitioner was taking and had been receiving gas pursuant to said Order No. 651,

in Case No. 75, under contracts with the operators of or producers of gas from said wells, the Commission exceeded its statutory authority.

2. That the Finding of the Commission, No. 14, "that the enforcement of the Jalco Gas Pool rules and regulations contained in order No. R-368-A does not and has not deprived Petitioner of any of its legal rights, nor has Petitioner been thereby deprived of its property without due process of law", is erroneous in that it is contra to both the facts established at the hearing herein and the law applicable to the facts so established.

3. That the finding of the Commission, No. 15, "that the enforcement of said Rules and Regulations has not impaired the obligation of Petitioner's contracts with producers of gas, in violation of the Fourteenth Amendment to the Constitution of the United States, or in violation of Article II, Section 18, of the Constitution of the State of New Mexico", is erroneous in that it is contra to the facts established at the hearing herein and to the law applicable to the facts so established.

4. That the finding of the Commission, No. 16, "that the Jalco Gas Pool Rules and Regulations contained in Order R-368-A apply to all gas well gas producers within the defined limits of said gas pool; that neither the petitioner nor any producers of gas within the limits of the Jalco Gas Pool is entitled to an exemption to said Rules and Regulations as prayed for in the petition", is contra to the facts established at the hearing herein and to the law applicable to the facts so established.

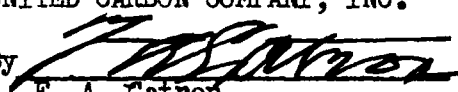
5. That the Commission erred in entering its said Order denying Petitioner the relief prayed in its petition in that thereby Petitioner has been and is deprived of vested rights and property interests granted to it by, and acquired in reliance upon, Order No.

651 in Case No. 75, above referred to. That said Order is erroneous in that it results:

- A. In impairing and depriving petitioner of its legal rights under the Commission's Order No. 651 in Case No. 75 in violation of the 14th Amendment to the Constitution of the United States; Section 18, Article II of the Constitution of the State of New Mexico; and Section 19, Article II of the Constitution of the State of New Mexico.
- B. In depriving petitioner of its property without due process of law, in violation of the 14th Amendment to the Constitution of the United States; Section 18, Article II of the Constitution of the State of New Mexico; and Section 19, Article II of the Constitution of the State of New Mexico.
- C. In impairing the obligations of the contracts existing between petitioner and the producers of gas in the said South Eunice Field or Pool with whom it has contracts, in violation of the 14th Amendment to the Constitution of the United States; Section 18, Article II of the Constitution of the State of New Mexico; and Section 19, Article II of the Constitution of the State of New Mexico.
- D. In causing, as petitioner is informed and believes, irreparable losses in production from the wells in said field and irreparable loss to the producers in said field, royalty owners, and the State of New Mexico.

UNITED CARBON COMPANY, INC.

By


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Attorney for Petitioner