

1957 OCT 25 AM 3:12

# LION OIL COMPANY

A DIVISION OF MONSANTO CHEMICAL COMPANY



PRODUCTION & EXPLORATION  
SOUTHWESTERN REGION

602 W. MISSOURI ST.  
MIDLAND, TEXAS

October 25, 1957

New Mexico Oil and Gas Commission  
107 Mabry Hall - Capital Building  
Santa Fe, New Mexico

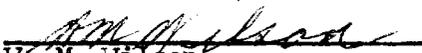
Attention: Mr. A. L. Porter, Jr.  
Secretary Director

Gentlemen:

On October 8, 1957, the New Mexico Oil Conservation Commission signed its Order R-1069 (in Case 1308) denying the application of Sunray Mid-Continent Oil Company for approval of a temporary eighty-acre spacing plan for the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, because (1) "The applicant failed to prove that the Bisti-Gallup Oil Pool can be adequately drained for an eighty-acre well spacing plan" and (2) "The applicant proposes to include within the horizontal limits of the Bisti-Lower Gallup Oil Pool a large amount of acreage, which has not yet been proven productive".

Monsanto Chemical Company respectfully requests the New Mexico Oil Conservation Commission to grant a rehearing of Case 1308 at its convenience during the month of December, 1957, because of certain data obtained subsequent to the hearing of Case 1308, which, in the opinion of Monsanto Chemical Company, proves that one well can adequately drain eighty acres in the Bisti-Lower Gallup Oil Pool.

Very truly yours,

  
W. M. Wilson  
Regional Manager

WMW/AWW/let

# MAGNOLIA PETROLEUM COMPANY

ASSOCIATION OF MOBIL COMPANIES

## LEGAL DEPARTMENT

P. O. BOX 900

DALLAS 21, TEXAS

October 28, 1957

CHARLES B. WALLACE  
GENERAL COUNSEL

R. T. WILKINSON, JR.  
ASSOCIATE GENERAL COUNSEL

FRANK C. BOLTON, JR.

WENDELL J. DOGGETT

JACK E. EARNEST

SAM H. FIELD

ROY C. LEDBETTER

ROSS MADOLE

WALLACE G. MALONE

ROY L. MERRILL

RAYMOND M. MYERS

FLOYD B. PITTS

WILLIAM S. RICHARDSON

WILLIAM H. TABB

JACK VICKREY

ASSISTANTS

Re: Case No. 1308 - Application of Sunray  
Mid-Continent Oil Company in regard to  
the Bisti-Lower Gallup Oil Pool, San  
Juan County, New Mexico

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

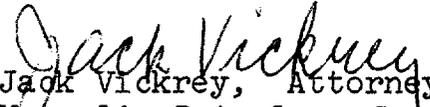
Gentlemen:

This is in confirmation of telegram directed to the Commission today concerning the above styled matter.

On October 9, 1957, the Commission issued its Order R-1069 denying the application of Sunray Mid-Continent Oil Company. It is our understanding that Sunray Mid-Continent Oil Company intends to file a motion for rehearing in this case.

In our opinion there is additional information not presented at the original hearing which is of sufficient importance to justify a rehearing. Therefore, Magnolia Petroleum Company joins Sunray Mid-Continent Oil Company in filing application for rehearing in this matter.

Respectfully submitted,

  
Jack Vickrey, Attorney  
Magnolia Petroleum Company

JV:jt

cc: Mr. Burns H. Errebo  
Sunray Mid-Continent Oil Company

GENERAL OFFICES  
120 BROADWAY NEW YORK

AMERADA PETROLEUM CORPORATION

BEACON BUILDING  
P. O. BOX 2040  
TULSA 2, OKLA.

ROBERT J. STANTON  
GENERAL COUNSEL  
JOHN S. MILLER  
ASSISTANT GENERAL COUNSEL

LEGAL DEPARTMENT

October 25, 1957

H. D. BUSHNELL  
HAROLD J. FISHER  
ROBERT T. JAMES  
ROBERT E. LEE  
JAMES C. MCWILLIAMS  
VIRGIL C. MORELLE  
ARDEN E. ROSS  
ATTORNEYS

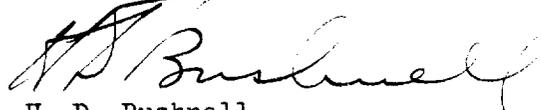
Oil Conservation Commission  
State of New Mexico  
P.O.Box 871  
Santa Fe, New Mexico

Re: Application of Sunray Mid-Continent  
Oil Company for Rehearing of Case  
No. 1308, concerning the Bisti Lower  
Gallup Oil Pool, San Juan County,  
New Mexico, for establishing uniform  
80-acre well spacing and proration  
units in said Pool.

Gentlemen:

Enclosed are original and two copies of Amerada Petroleum  
Corporation's Application for rehearing of captioned cause.

Very truly yours,



H. D. Bushnell

HDB:FC  
Encls.

Air Mail

OFFICE OCC  
1957 OCT 23 AM 8:14

BEFORE THE CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
SUNRAY MID-CONTINENT OIL COMPANY FOR  
REHEARING OF CASE NO. 1308, CONCERNING  
THE BISTI LOWER GALLUP OIL POOL IN SAN  
JUAN COUNTY, NEW MEXICO, FOR THE PURPOSE  
OF ESTABLISHING UNIFORM 80-ACRE WELL  
SPACING AND PRORATION UNITS FOR SAID  
POOL.

CASE NO. 1308

APPLICATION FOR REHEARING

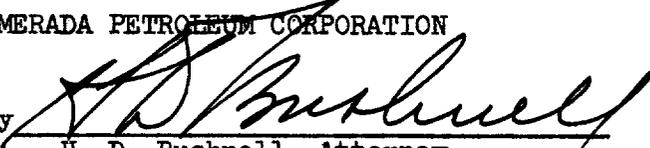
Comes now Amerada Petroleum Corporation, party to caption case, and files this its application for rehearing and in support thereof states the following:

1. That this Commission, upon application filed by Sunray Mid-Continent Oil Company, and after due notice and hearing of Case No. 1308, on September 18 and 19, 1957, issued its Order No. R-1069, dated October 9, 1957.
2. That Amerada Petroleum Corporation made appearance at said hearing and was a party thereto.
3. That by Rule 1222 of the Rules and Regulations of this Commission, any person affected by this order may file within 20 days of entry of order, its application for rehearing of the matter.
4. That paragraph 5 of said Order No. R-1069, which recites that the applicant, Sunray Mid-Continent Oil Company, failed to prove that the Bisti Gallup Oil Pool can be adequately drained by an 80-acre well spacing pattern, is not supported by the evidence or by preponderance of the evidence as presented at the original hearing.
5. That Sunray Mid-Continent Oil Company has filed its application for rehearing and this applicant hereby joins with said applicant in filing its application for rehearing.

WHEREFORE, this Applicant respectfully requests this Commission to grant a rehearing of Case No. 1308, that this matter be set for rehearing and notice thereof be given as required by law, and that upon hearing this Commission enter such new order as may be required.

AMERADA PETROLEUM CORPORATION

By

  
 H. D. Bushnell, Attorney.

MAIN OFFICE OCC

1957 OCT 23 PM 2:53

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
SUNRAY MID-CONTINENT OIL COMPANY FOR  
AN ORDER EXTENDING THE HORIZONTAL  
LIMITS OF THE BISTI-LOWER GALLUP OIL  
POOL IN SAN JUAN COUNTY, NEW MEXICO,  
AND TEMPORARILY ESTABLISHING UNIFORM  
80-ACRE WELL SPACING AND PROMULGATING  
SPECIAL RULES AND REGULATIONS FOR SAID  
POOL.

CASE No. 1308

APPLICATION FOR REHEARING

TO THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO:

Comes now Sunray Mid-Continent Oil Company, applicant in the above captioned case, and respectfully applies for rehearing herein, and in support thereof would show the Commission:

1. That the applicant, by application filed herein, sought an order of the Commission to extend the horizontal limits of the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, and for the establishment of pool rules setting forth an 80 acre spacing pattern, as is more fully set out in the application herein to which reference is hereby made.

2. That after hearing the Commission under date of October 9, 1957, made and entered its order denying the application in all respects.

3. That since the filing of the original application and hearing thereon, applicant and others interested in the subject matter of this case have continued to gather additional reservoir data on the Bisti-Lower Gallup Oil Pool, and have gathered information which is pertinent and essential to a final determination of this case. This evidence is especially essential in view of the Commission's finding No. 5 upon which order No. R-1069 is based, namely that the Commission has found that the applicant has failed to prove that the Bisti-Lower Gallup Oil Pool can be adequately drained by an 80-acre well spacing pattern.

4. That petitioner believes the Commission erred in its finding No. 5 that there is no substantial evidence in the record that one well will not

1 adequately drain and develop 80 acres in the Bisti-Lower Gallup Oil Pool. That  
2 instead the preponderance of the evidence shows, and the facts now known and  
3 presently existing support the conclusion that one well will efficiently and  
4 economically drain and develop 80 acres without impairment of correlative rights  
5 and that such a spacing pattern will result in the prevention of waste and re-  
6 sult in the greatest ultimate recovery of oil from the reservoir.

7 5. That the order of the Commission clearly violates the provisions of  
8 Section 65-3-14 (b), New Mexico Statutes, 1953, Annotated, as amended, which  
9 provides:

10 The Commission may establish a proration unit for  
11 each pool, such being the area that can be efficiently  
12 and economically drained and developed by one well, and  
13 in so doing the Commission shall consider the economic  
14 loss caused by the drilling of unnecessary wells, the pro-  
15 tection of correlative rights, including those of royalty  
16 owners, the prevention of waste, the avoidance of the aug-  
17 mentation of risks arising from the drilling of an excessive  
18 number of wells, and the prevention of reduced recovery  
19 which might result from the drilling of too few wells.

20 and the development of this pool on a 40-acre spacing pattern will be conducive  
21 to waste and result in the drilling of an excessive number of wells.

22 6. That the provisions of Order No. R-1069, if permitted to remain in  
23 effect, will result in irreparable injury to the applicant and to others similar-  
24 ly situated.

25 7. That the order complained of is unlawful and unreasonable and is not  
26 supported by the evidence in the record.

27 8. That in order to prevent waste, protect correlative rights, and bring  
28 about an orderly development of the pool the horizontal limits of the pool should  
29 be extended and an 80 acre spacing pattern should be adopted as proposed in  
the original application.

WHEREFORE Applicant prays that this matter be set for rehearing for the  
purpose of reconsidering the record herein, the receipt of additional testimony  
and evidence as to all phases of the application, and the receipt of oral and  
written statements and argument, and that after notice and rehearing, as re-

quired by law, the Commission enter its order approving the application as applied for.

Respectfully submitted

SUNRAY MID-CONTINENT OIL COMPANY

By *Lewis P.*  
One of its Attorneys

GILBERT, WHITE AND GILBERT  
ATTORNEYS AT LAW  
SANTA FE, NEW MEXICO

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
SUNRAY MID-CONTINENT OIL COMPANY FOR  
AN ORDER EXTENDING THE HORIZONTAL LIMITS  
OF THE BISTI-LOWER GALLUP OIL POOL IN  
SAN JUAN COUNTY, NEW MEXICO, AND TEM-  
PORARY ESTABLISHING UNIFORM 80-ACRE  
WELL SPACING AND PROMULGATING SPECIAL  
RULES AND REGULATIONS FOR SAID POOL.

CASE NO. 1308

APPLICATION FOR REHEARING

TO THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO:

Comes now Phillips Petroleum Company and respectfully  
applies to the Commission for rehearing in the above captioned  
matter, and in support thereof, would show:

1. That by application filed by Sunray Mid-Continent Oil  
Company an order of the Commission extending the horizontal  
limits of the Bisti-Lower Gallup Oil Pool, San Juan County,  
New Mexico, and for the establishment of pool rules as more  
fully set out in the application was sought.

2. That Phillips Petroleum Company is the owner of inter-  
ests in the Bisti-Lower Gallup Oil Pool in San Juan County,  
New Mexico; is a participant in the Carson Unit within said  
pool; and is participating in a pilot injection program for  
pressure maintenance in said pool, and is an interested party  
participating in the above captioned case. That after hearing,  
the Commission, under date of October 9, 1957, made and entered  
its order denying the application in all respects.

3. That since the filing of the original application and  
subsequent to the hearing thereon, the petitioner and others

interested have gathered additional reservoir, engineering, and economics information, which is pertinent and essential to a final determination of this case, and, on rehearing, if granted, petitioner proposes to offer additional testimony on these matters.

4. That petitioners believe the Commission erred in its finding No. 5, in Order No. R-1069, there being no substantial evidence in the record that one well will not adequately drain and develop 80 acres in the Bisti-Lower Gallup Oil Pool. That instead the preponderance of the evidence shows, and the facts now known and presently existing support the conclusion that one well will efficiently and economically drain and develop 80 acres without impairment of correlative rights and that such a spacing pattern will result in the prevention of waste and result in the greatest ultimate recovery of oil from the reservoir.

5. That the order of the Commission clearly violates the provisions of Section 65-3-14 (b), New Mexico Statutes, 1953, Annotated, as amended, which provides:

The Commission may establish a proration unit for each pool, such being the area that can be efficiently and economically drained and developed by one well, and in so doing the Commission shall consider the economic loss caused by the drilling of unnecessary wells, the protection of correlative rights, including those of royalty owners, the prevention of waste, the avoidance of the augmentation of risks arising from the drilling of an excessive number of wells, and the prevention of reduced recovery which might result from the drilling of too few wells.

and that the development of this pool on a 40-acre spacing pattern will be conducive to waste and result in the drilling of an excessive number of wells.

6. That the provisions of Order No. R-1069, if permitted to remain in effect, will result in irreparable injury to the applicant and to others similarly situated.

7. That the order complained of is unlawful and unreasonable and not supported by the evidence in the record.

8. That in order to prevent waste, protect correlative rights, and bring about an orderly development of the pool, the horizontal limits of the pool should be extended as proposed in the original application.

WHEREFORE, Petitioner prays that this application for rehearing be granted and that the above captioned matter be set for rehearing for the purpose of re-considering the record herein and for the further purpose of receiving additional testimony and evidence as to the reservoir information, engineering information, and economic information, and for all other purposes; and for the receipt of oral and written statements and argument and that after notice and rehearing as required by law, the Commission enter its order approving the application as applied for by Sunray Mid-Continent Oil Company in the above captioned case.

Respectfully submitted,  
PHILLIPS PETROLEUM COMPANY

By: Jason W. Kellahin  
KELLAHIN AND FOX  
Attorneys for Petitioner

MAIN OFFICE OCC

1957 OCT 14 AM 2:14

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
SUNRAY MID-CONTINENT OIL COMPANY FOR  
A TEMPORARY ORDER CREATING THE BISTI  
LOWER GALLUP OIL POOL, SAN JUAN COUNTY,  
NEW MEXICO, ESTABLISHING UNIFORM 80-ACRE  
PRORATION UNITS AND WELL SPACING, AND  
PROMULGATING SPECIAL RULES AND REGULATIONS  
FOR SAID POOL.

CASE NO. 1308

ORDER NO. R-1069

A P P L I C A T I O N

TO THE HONORABLE OIL CONSERVATION COMMISSION OF THE STATE OF NEW  
MEXICO:

COMES NOW The Texas Company and respectfully requests  
that a re-hearing be set for the above styled case in order that  
new information in the form of individual well and reservoir per-  
formance data may be presented for a determination of the area  
that may be efficiently and economically drained by one well. The  
Texas Company respectfully requests that a date for re-hearing be  
set at the earliest possible date following the November 15  
statewide hearing and that such request for re-hearing be granted  
in the interest of prevention of waste and the protection of cor-  
relative rights.

Dated this 23rd day of October, 1957.

THE TEXAS COMPANY

By L. W. Folmar

L. W. Folmar  
Assistant Division  
Petroleum Engineer  
P. O. Box 1720  
Fort Worth 1, Texas



# SKELLY OIL COMPANY

TULSA 2, OKLAHOMA

PRODUCTION DEPARTMENT  
C. L. BLACKSHER, MANAGER

October 28, 1957

Re: Rehearing Order No. R-1069  
Case No. 1308

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Gentlemen:

Skelly Oil Company respectfully requests a rehearing on Order No. R-1069 Case No. 1308, and we understand similiar requests for rehearing have been filed by Sunray Mid-Continent and other interested parties. We respectfully request that the Commission set the matter of rehearing down for oral argument as expeditiously as possible, so that early rehearing merits can be heard by this Honorable Commission.

Skelly Oil Company's basis for a rehearing are as follows:

(1) That said order in Finding No. 5 indicates that applicant has failed to prove that the Bisti Lower Gallup Oil Pool can be adequately drained by an 80-acre well spacing pattern. In this regard, Skelly Oil Company desires to indicate that such failure, if any exists, is due to the fact that there has been insufficient time to conduct proper well interference tests, and such that have been hastily taken, was as indicated at the hearing, so taken hurriedly in an attempt to gain this information in time for the hearing.

(2) That the testimony at the hearing overwhelmingly indicated that there has been inadequate development up to the present time for the area estimated to be productive, on which to adequately evaluate all those factors necessary for a proper permanent spacing and as indicated in said order Finding No. 2, a large amount of acreage has not yet been proven productive indicating that a considerable amount of drilling and development is necessary.

October 28, 1957

(3) That this Commission should in its proper function, seriously consider a procedure for instituting temporary spacing in an area where there is inadequate drilling and information evaluated therefrom, as was shown in this case by testimony and by its own order No. R-1069, in providing a preliminary development period in the field's history until such time as a proper and permanent well density can be indicated.

(4) That based on these factors Skelly Oil Company believes that this Commission should adopt the 80-acre temporary spacing for a limited time, during which time proper facts can be ascertained, as to what area a well can adequately drain, since said Order No. R-1069 does not affirmatively indicate the adequate drainage of a well in the Bisti Lower Gallup oil pool and that in order to accomplish the avowed purpose of said order and the delegation of authority to the Oil Conservation Commission by the legislature in such determination that the Commission should provide for periodic well tests, gas-oil ratio tests, bottom hole pressure tests and other tests to indicate interference or adequate and proper drainage in the Bisti Lower Gallup Oil Pool.

Respectfully submitted,

SKELLY OIL COMPANY

By

  
George W. Selinger

# THE BRITISH-AMERICAN OIL PRODUCING COMPANY

DENVER CLUB BUILDING

DENVER 1, COLORADO

October 25, 1957

ADDRESS ALL CORRESPONDENCE TO  
POST OFFICE BOX 180

PRODUCTION & ENGINEERING DEPT.

Oil Conservation Commission of  
the State of New Mexico,  
Box 871,  
Santa Fe, New Mexico.

Gentlemen:

Regarding Case No. 1308, application of The British-American Oil Producing Company for a re-hearing on subject case, which was originally a request of Sunray Mid-Continent Oil Company regarding Bisti-Gallup Oil Pool.

In subject application for re-hearing, one error in the application was made. In the final paragraph of the application on line #3, the word "no" appears before "notice". This word should be stricken from the sentence since it was our intention that notice be given according to law.

We will appreciate your making the correction in this application, and copies will be corrected before being sent to all interested parties.

Yours very truly,

THE BRITISH-AMERICAN OIL PRODUCING COMPANY

  
Thomas M. Hogan  
District Superintendent

TMH:hb

11/10/57 000  
11/10/57 000

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF )  
THE BRITISH-AMERICAN OIL PRODUCING )  
COMPANY FOR A REHEARING ON THE APPLI- ) CASE NO. 1308  
CATION OF SUNRAY MID-CONTINENT OIL )  
COMPANY FOR AN ORDER EXTENDING THE )  
HORIZONTAL LIMITS OF THE BISTI-LOWER )  
GALLUP OIL POOL IN SAN JUAN COUNTY, )  
NEW MEXICO, AND THE ORDER ENTERED )  
THEREIN ON OCTOBER 9, 1957. )

APPLICATION FOR REHEARING

TO THE HONORABLE OIL CONSERVATION COMMISSION OF THE STATE OF  
NEW MEXICO:

COMES NOW THE BRITISH-AMERICAN OIL PRODUCING COMPANY  
and respectfully requests that a rehearing be set for December 15, 1957, on the  
Application of Sunray Mid-Continent Oil Company for an Order extending the hor-  
izontal limits of the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico,  
and Order No. R-1069 entered by this Honorable Commission on October 9, 1957,  
in connection with such application and for grounds for such rehearing respectfully  
alleges and states as follows:

1. This Applicant, The British-American Oil Producing Company,  
since September 18, 1957, the date of the hearing on the Application of Sunray  
Mid-Continent Oil Company referred to in the caption hereof, has conducted in-  
terference tests in wells presently located within the boundaries of the Bisti-Lower  
Gallup Oil Pool, which interference tests demonstrate that one well drilled upon an  
eighty (80) acre spacing pattern in the Bisti-Lower Gallup Oil Pool, San Juan County,  
New Mexico, will adequately drain such eighty (80) acre tract.

2. That The British-American Oil Producing Company will continue  
to conduct experiments in existing wells located in the Bisti-Lower Gallup Oil  
Pool for the purpose of furnishing to this Honorable Commission all data and evi-  
dence resulting from such experiments at the time this Application is set for  
hearing.

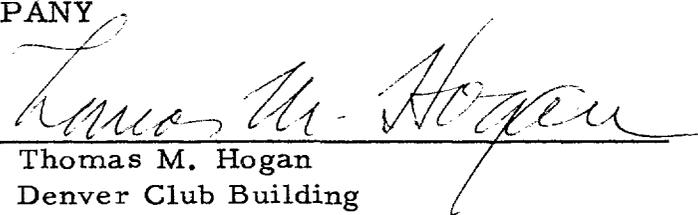
3. This Applicant is of the opinion and, therefore, alleges that the  
Order entered herein on October 9, 1957, requiring the development of the Bisti-  
Lower Gallup Oil Pool on an uniform forty (40) acre well spacing pattern will re-  
sult in underground waste, will require the expenditure of large sums of money  
for drilling wells which are not required to adequately drain the reservoir under-  
lying the Bisti-Lower Gallup Oil Pool resulting in economic waste through the  
drilling of unnecessary wells.

4. That a copy of this Application will be mailed not later than Octo-  
ber 29, 1957, to the parties appearing on Exhibit "A" hereto attached, who are  
all of the parties in interest known to this Applicant.

WHEREFORE, this Applicant, The British-American Oil Producing Company, prays that this Application be set for hearing before the Commission on December 15, 1957; that ~~no~~ notice be given according to law and that upon hearing of this Application Order No. R-1069 entered in this matter be modified and amended to provide that the Bisti-Lower Gallup Oil Pool be developed on a uniform eighty (80) acre well spacing pattern in accordance with the rules and regulations of the Oil Conservation Commission of the State of New Mexico and providing for the location of wells in accordance with such Order and promulgating such other rules and regulations as the Commission may deem necessary and advisable in the premises.

Dated this Twenty-fifth day of October, 1957.

THE BRITISH-AMERICAN OIL PRODUCING  
COMPANY

By 

Thomas M. Hogan  
Denver Club Building  
Denver, Colorado

Amerada Petroleum Corporation P.O. Box 2040 Tulsa, Oklahoma Attention: Mr. R. S. Christie	E. C. Evenson 739 High Street San Francisco 17, California
Benson-Montin-Greer Drilling Company Republic Building Oklahoma City, Oklahoma	Honolulu Oil Corporation 204 West Illinois Midland, Texas Attention: Mr. George R. Hoy
C. M. & W. Drilling Company 1340 South Santa Fe Drive Denver, Colorado	F. R. Anderson c/o Dempster Oil Company P.O. Box 2965 Houston 1, Texas
El Paso Natural Gas Products Company P.O. Box 1492 El Paso, Texas Attention: Mr. R. L. Hamblin	Sunray Mid-Continent Oil Company P.O. Box 2039 Tulsa 2, Oklahoma Attention: Burns H. Errebo, Attorney
Lion Oil Company Denver Club Building Denver, Colorado	El Dorado Refining Company P.O. Box 551 El Dorado, Kansas
Rex R. Moore 2904 Liberty Bank Building Oklahoma City, Oklahoma	Gulf Oil Corporation P.O. Box 2167 Hobbs, New Mexico
Pan-American Petroleum Corporation P.O. Box 1410 Fort Worth, Texas Attention: Mr. Guy Buell	McWood Corporation 330 Petroleum Building Abilene, Texas Att: Mr. Guy Willis
Rex Uranium Company 316 West Broadway Farmington, New Mexico	Kenneth Murchison 1315 Pacific Avenue Dallas, Texas
Southern Union Gas Company P.O. Box 2240 Santa Fe, New Mexico	Phillips Petroleum Company Bartlesville, Oklahoma Attention: Mr. Jack Garner
Western Development Company 65 Seneca Plaza, P.O. Box 1201 Santa Fe, New Mexico Attention: Mr. W. B. Macey	Shell Oil Company 108 North Behrend Farmington, New Mexico Attention: Mr. R. S. MacAlister, Jr.
Humble Oil & Refining Company P.O. Box 2180 Houston, Texas Attention: Mr. S. F. Holmesley	Sun Oil Company Denver Club Building Denver, Colorado
The Texas Company P.O. Box 1720 Fort Worth, Texas	Skelly Oil Company P.O. Box 1650' Tulsa, Oklahoma Attention: Mr. George W. Selinger
Magnolia Petroleum Company P.O. Box 900 Dallas 21, Texas Attention: Mr. Ed Keeler	Atalantic Refining Company P.O. Box 6640 Roswell, New Mexico

EXHIBIT "A"

P. J. O'Hornett  
Union Oil Company  
First National Building  
Oklahoma City, Oklahoma

Sinclair Oil and Gas Company  
P. O. Box 521  
Tulsa, Oklahoma  
Attention: Mr. James H. McGowan

L. C. Kelly  
309 Bank of America Building  
Beverly Hills, California

Anderson Prichard Oil Corporation  
Liberty Bank Building  
Oklahoma City, Oklahoma

EXHIBIT "A"

MAIN OFFICE 900

10:17 OCT 15 AM 3:12

*Case file 47*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

APPLICATION OF SINCLAIR OIL & GAS COMPANY	)	
FOR REHEARING IN CASE NO. 1308 CONCERNING	)	
THE APPLICATION OF SUNRAY MID-CONTINENT	)	
OIL COMPANY FOR AN ORDER EXTENDING THE	)	
HORIZONTAL LIMITS OF THE BISTI LOWER GALLUP	)	CASE NO. 1308
OIL POOL, SAN JUAN COUNTY, NEW MEXICO, AND	)	(Order No. R-1069)
TEMPORARILY ESTABLISHING UNIFORM 80-ACRE	)	
WELL SPACING, AND PROMULGATING SUCH RULES	)	
AND REGULATIONS FOR SAID POOL.	)	

APPLICATION FOR REHEARING

COMES NOW Sinclair Oil & Gas Company and respectfully alleges and states that the Commission has erred in entering its Order No. R-1069 dated October 9, 1957 in Case No. 1308, in the following particulars:

1. That Finding of Fact No. 3 in said Order is in error in that the horizontal limits of any oil or gas pool should include all acreage overlying a pool, as defined in the Rules and Regulations of the New Mexico Oil Conservation Commission and as indicated by acceptable geological and engineering data, rather than being limited to acreage actually developed.

2. That Finding of Fact No. 5 in said Order is in error in that the evidence presented to the Commission and which could be presented at a rehearing shows that one well in the Bisti Lower Gallup Oil Pool will efficiently and economically drain 80 acres.

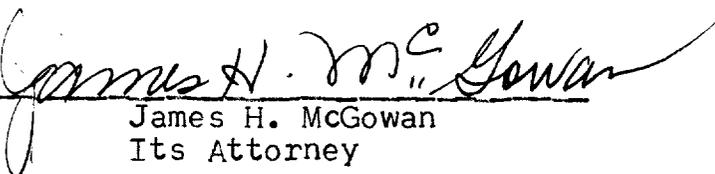
3. That Finding of Fact No. 6 in said Order is in error in that development of the Bisti Lower Gallup Oil Pool on the uniform 40-acre well spacing pattern, in accordance with the general Rules and Regulations of the Oil Conservation Commission, will result in both economic and physical waste.

4. That that portion of Order No. R-1069 denying the application is in error in that development on a spacing pattern of less than 40 acres will result in the drilling of unnecessary wells, thus causing economic waste, and will result in portions of said Bisti Lower Gallup Oil Pool not being developed, thus causing physical waste by leaving oil in the ground that could be and would be recovered in an 80-acre spacing pattern.

WHEREFORE, Sinclair Oil & Gas Company prays that the New Mexico Oil Conservation Commission grant a rehearing in this matter, as provided in its Rule 1222, and that same be set down for further hearing and that notice thereof be given according to law; that upon said rehearing, a temporary order be entered creating the Bisti Lower Gallup

Oil Pool for production of oil and gas from the Lower Gallup Pool or common source of supply within the area described in the original application in this cause, and that 80-acre proration units be established; and that such further order be entered as the evidence adduced at such rehearing shows is proper and necessary.

SINCLAIR OIL & GAS COMPANY

By   
James H. McGowan  
Its Attorney

JHM:bb  
1-8-1  
10-23-57

# SINCLAIR OIL & GAS COMPANY

SINCLAIR OIL BUILDING

Luther 4-0411

**TULSA, OKLAHOMA**

LEGAL DEPARTMENT

ANGUS A. DAVIDSON  
GENERAL ATTORNEY

CECIL R. BUCKLES  
FRANCIS O'H. SEARLE  
ASSISTANT GENERAL ATTORNEYS

October 25, 1957

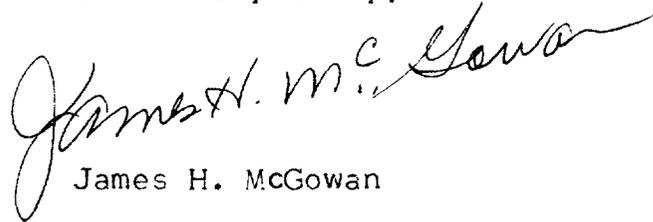
THOMAS H. GALEY  
ROBERT E. GILL, JR.  
PHILLIP J. KRAMER  
MIRIAM L. LASHLEY  
JAMES H. MCGOWAN  
REX SHORT  
WILLIAM M. TAYLOR  
ATTORNEYS

Mr. A. L. Porter  
Secretary-Director  
New Mexico Oil Conservation Commission  
107 Mabry Hall  
Capitol Building  
Santa Fe, New Mexico

Dear Sir:

Herewith the original and two copies of an Application for Rehearing in Case No. 1308, being the order relating to the Bisti Lower Gallup Oil Pool in San Juan County, New Mexico. Will you please file same in said cause.

Yours very truly,



James H. McGowan

JHM:bb  
enc.