

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

P. O. BOX 871
SANTA FE

August 24, 1962

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Box 1713
Santa Fe, New Mexico

Re: Case No. 2528
Order No. R-2260-B
Applicant:
R & G Drilling Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC x

OTHER Mr. Garrett Whitworth (El Paso Natural)

Mr. J. F. Neill (Texaco Inc.)

Mr. Kenneth J. Barr (Pan American)

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF R & G DRILLING COMPANY,
INC., FOR A REHEARING IN THE MATTER OF
ITS APPLICATION FOR PERMISSION TO OPERATE
TWELVE WELLS UNDER A PROJECT ALLOWABLE,
SAN JUAN COUNTY, NEW MEXICO.

Case No. 2528

APPLICATION FOR REHEARING

Comes now R & G Drilling Company, Inc., applicant in the above case, and applies to the Oil Conservation Commission of the State of New Mexico for a rehearing as provided by Section 65-3-22, New Mexico Statutes Annotated, 1953 Compilation, and in support thereof would show the Commission the following:

1. This matter came on to be heard on the application of R & G Drilling Company, Inc., and was heard by Daniel S. Nutter, duly appointed Commission Examiner, on April 11, 1962, and thereafter the Commission entered its Order No. R-2260.

2. Applicant filed its application for a hearing de novo before the Commission, as provided by law, alleging that said Order No. R-2260 was not responsive to the application of R & G Drilling Company, Inc.; that said order was not in accord with the evidence presented at the hearing of Case No. 2528 before the examiner, would result in waste, impare the correlative rights of applicant, and would not prevent premature abandonment of applicant's wells.

3. A hearing de novo was held before the Commission on July 18, 1962, and thereafter the Commission entered its order, dated the 3rd day of August, 1962, being Order No. R-2260-A, which order approved, ratified and confirmed the provisions of Order No. R-2260.

4. Commission Order No. R-2260, as affirmed by Order No. R-2260-A is not supported by substantial evidence, and there is no evidence in the record before the Commission to support said order.

5. Wastewill occur as a result of the order of the Commission, for the reason recoverable gas will have to be abandoned in the reservoir unless the relief prayed for in the application in this case or some other relief is granted.

6. The correlative rights of applicant are not protected by the Commission's order, and it will be denied the right to recover its just and equitable share of the gas in place under the tracts dedicated to its wells.

7. Unless some relief is afforded applicant, it will be impossible to continue to operate its wells, resulting in premature abandonment of wells capable of producing gas, and resultant waste.

8. To the extent that the applicable proration orders of this Commission prevent the production of gas on an economical basis, applicant is deprived of its property without due process of law.

9. The order of the Commission results in waste and correlative rights are not protected, contrary to the provisions of the law.

WHEREFORE, applicant prays this matter be set for rehearing, and after such rehearing, the Commission enter its order granting the relief prayed for in the original application herein.

Respectfully submitted,

R & G DRILLING COMPANY, INC.

BY Jason W. Kellahin

KELLAHIN & FOX

P. O. Box 1713

Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT

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. 2528

ORDER NO. R-2260

APPLICATION OF R. & G DRILLING COMPANY,
INC., FOR PERMISSION TO OPERATE TWELVE
WELLS UNDER A PROJECT ALLOWABLE, SAN
JUAN COUNTY, NEW MEXICO

APPLICATION FOR HEARING DE NOVO

Comes now R & G Drilling Company, Inc., and applies to the Oil Conservation Commission of the State of New Mexico for hearing de novo before the Commission, in the above captioned case, as provided by Section 65-3-11.1, New Mexico Statutes Annotated, 1953, as amended, and in support thereof would show:

1. This matter came on to be heard on the application of R & G Drilling Company, Inc., and was heard by Daniel S. Nutter, duly appointed Commission examiner, on April 11, 1962.
2. On the 14th day of June, 1962, the Commission entered its order authorizing the operation of twelve of applicant's wells under a project allowable for a period of 90 days, beginning July 1, 1962, with a provision for administrative approval for an extension of time for another 90-day period, upon showing a need for such extension.
3. That said order further provides that allowables will be assigned to said wells retroactively on the basis of its deliverability at the end of the period of evaluation, and any overage accrued as the result of such retroactively assigned allowable shall be compensated for following the period of evaluation.

*Docket
marked
7/6/62
JK*

4. That the provisions of said Order No. R-2260 are not responsive to the application of R & G Drilling Company, Inc., in said Case No. 2528.

5. That the provisions of said Order No. R-2260 are not in accord with the evidence presented at the hearing of Case No. 2528, will result in waste, impair the correlative rights of applicant, and will not protect against premature abandonment of applicants wells.

WHEREFORE, Applicant prays that this matter be set for hearing before the Oil Conservation Commission of New Mexico as provided by law, and that after hearing de novo as required by law, the Commission enter its order granting the relief prayed for by the applicant in Case No. 2528.

Respectfully submitted,
R & G DRILLING COMPANY, INC.

By Jason W. Kellahin

KELLAHIN & FOX
P. O. Box 1713
Santa Fe, New Mexico

Attorneys for Applicant

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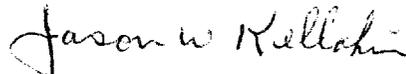
August 17, 1962

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

Gentlemen:

Enclosed find an original and two copies of application
for rehearing of R & G Drilling Company, Inc., in
Case No. 2528, for filing.

Very truly yours,



JASON W. KELLAHIN

jwk:mas

enclosures

cc with enclosure: El Paso Natural Gas Company
Mr. W. C. Russell