

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1327
Order No. R-1092-A

APPLICATION OF TEXAS PACIFIC COAL &
OIL COMPANY FOR AN ORDER IMMEDIATELY
TERMINATING GAS PRORATIONING IN THE
JALMAT GAS POOL; OR IN THE ALTERNATIVE,
REVISING THE SPECIAL RULES AND REGULATIONS
FOR THE JALMAT GAS POOL IN LEA COUNTY,
NEW MEXICO.

PETITION FOR REHEARING

Comes now Skelly Oil Company and alleges and states:

1. That it is a producer and operator of gas wells in the Jalmat gas pool of Lea County, New Mexico.
2. That heretofore in Case No. 1327 the Commission conducted hearings on October 18, 1957, November 14, 1957 and December 9, 1957, at which hearings this petitioner entered its appearance and participated in said hearings.
3. That as result of hearings above indicated the Commission did on January 29, 1958 issue its Order No. R-1092-A modifying the special rules and regulations for the Jalmat Gas pool, more particularly, Rules 5, 6 and 12.
4. That rules of procedure established for this Commission provides for the filing of the Petition for Rehearing within 20 days from the date of said order.
5. That applicant desires to file this petition for rehearing generally and more specifically as to certain findings of the Commission enumerated hereinafter.
6. That in Finding No. 5, the Commission has indicated that there has been proven a general correlation between the deliverabilities of the gas wells in the Jalmat gas pool and the gas in place under the tracts dedicated to said wells, and that the inclusion of a deliverability factor in the proration formula results in a more equitable allocation in said pool than under the present gas proration formula. Petitioner avers that the burden of proof must go beyond the showing of a general correlation, but must prove a direct relationship between deliverabilities and gas in place, in which the uncontradicted testimony on such finding indicates no relationship between deliverabilities and gas in place.

Further petitioner avers that as to the equitableness of the deliverability allocation formula, the exhibits and testimony show actually as to the pools as a whole there is less uncompensated drainage from the present allocation formula than the proposed change as indicated in Finding No. 5 by the Commission and that there was substantial failure to prove that the deliverability formula is more equitable in preventing drainage within the pool

as a whole which cannot be equalized by counter drainage and applicant failure to prove that the proposed deliverability formula permits each of the parties in the pool an opportunity to produce its just and equitable share of the gas in proportion to the quantity of gas in place of the respective tracts in the pool.

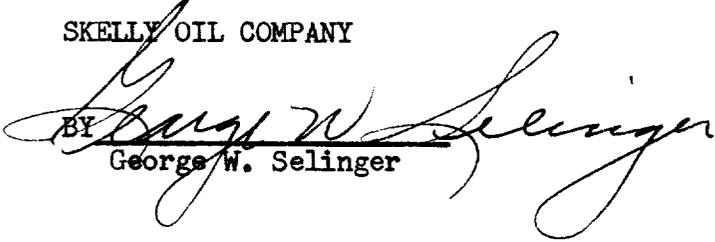
7. That in Finding No. 6 the Commission indicates that the inclusion of a deliverability factor in the proration formula would result in the production of a greater percentage of the pool allowable and petitioner avers that from the testimony and particularly the exhibits presented therein the fields containing the deliverability factor have greater variation in their underage and overage on an arithmetic average of all pools utilizing such factor than the fields utilizing the present formula which evidence and exhibits stand uncontradicted. That a part of Finding No. 6 is the finding that the inclusion of a deliverability factor enables the various gas purchasers in the Jalmat pool to meet the market demand for gas from said pool. Petitioner avers that this particular portion of Finding No. 6 raises a particular legal matter which is of a serious nature in the administration of the presently defined act under which the Oil and Gas Commission operated in that the statutory authority of this Commission is confined to the limitations of production in the prevention of waste and protection of correlative rights in an effort to avoid drainage and this Commission has no authority to divide a market in the absence of prevention of waste or protection of correlative rights. The statute provides for the nonratable purchase for taking which causes or results in waste or causes or results in violation of correlative rights and the statute further limits production to reasonable market demand and prevents production in excess of reasonable market demand.

WHEREFORE, Petitioner for Rehearing prays that this Honorable Commission accept jurisdiction to consider this petition for rehearing and permit said petitioner at an appropriate time to present these various matters above enumerated and more particularly permit it an opportunity to present testimony and/or legal arguments as to its portions bearing matter for legal clarification and at the conclusion of said rehearing issue an appropriate order in the premises

Respectfully submitted,

SKELLY OIL COMPANY

BY


George W. Selinger