

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.

STATEMENT OF HUMBLE OIL & REFINING COMPANY

At the conclusion of the original hearing in this case, Humble pointed out that it did not feel that the Oil Conservation Commission had given the original proration formula in the Jalmat Gas Pool a fair trial in that the Commission had failed to require the operators and purchasers to comply with the special field rules, and it urged that the rules be enforced.

Humble believes that the Commission has the right to change a proration formula where there is sufficient evidence presented to show the necessity for such change, but it submits that in this case that the evidence presented does not warrant a change.

Humble is in accord with the statement made on behalf of the operators with respect to the evidence showing that deliverability has no relationship to recoverable gas in place under a tract, and desires to emphasize that correlative rights will be better protected under the original straight acreage formula rather than under the present order providing for deliverability.

Under the Conservation act the Commission is charged with the duty of fixing an allowable formula upon a reasonable basis and it is specifically provided that it is only for the purpose of protecting

correlative rights that acreage, pressure, deliverability and other factors may be considered. Humble urges that the Commission has erroneously considered these factors other than for the purpose of protecting correlative rights. There has been injected throughout this entire case the plea of the purchasers that they cannot satisfy the market demand unless gas is prorated on a deliverability basis, and the Commission has so found in its Finding No. 6. Humble submits that the position of the gas purchasers should receive absolutely no consideration in determining a proration formula. A gas proration formula under our statute is not adopted for the benefit or convenience of the purchasers, but is required to prevent waste and to protect correlative rights insofar as possible by preventing drainage between producing tracts in a pool which is not equalized by counter drainage.

Humble urges the Commission to reconsider the Order which has been entered, to reinstate the original straight acreage formula, and to require that not only the operators but the purchasers comply with the special rules in the Jalmat Gas Pool.

HUMBLE OIL & REFINING COMPANY

By 

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