

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following special hearings to be held at 9 o'clock a.m. on January 21, 1954, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

Texas Pacific Coal & Oil Company,
Me-Tex Supply Company, and any persons
having any right, title, interest or
claim in the following cases, and no-
tice to the public.

CASE 582 (Rehearing):

Notice is hereby given by the State of New Mexico, through its Oil Conservation Commission, that Texas Pacific Coal & Oil Company, upon proper petition, has requested a rehearing in Case 582 (relating to rules and regulations for the Jalco Gas Pool, Lea County, New Mexico); that in said petition, petitioner asks rescission of Orders R-368 and R-368-A entered in Case 582 under dates of September 28, 1953, and November 10, 1953, respectively; that the Commission, by its Order No. R-368-B, has granted said rehearing and set it for 9 a.m. on January 21, 1954, at Mabry Hall, State Capitol, Santa Fe, New Mexico, at which time petitioner and other interested parties will be heard.

CASE 584 (Rehearing):

Notice is hereby given by the State of New Mexico, through its Oil Conservation Commission, that Me-Tex Supply Company, upon proper petition, has requested a rehearing in Case 584; that in said petition, petitioner asks that Order No. R-370-A entered in said case on November 10, 1953, be vacated and that the rules and regulations issued thereunder for the Eumont Gas Pool, Lea County, New Mexico, not be made effective until such time as the allowable production of gas has been established by the Commission after notice and hearing; that the Commission, by its Order R-370-B, has granted said rehearing and set it for 9 a.m. on January 21, 1954, at Mabry Hall, State Capitol, Santa Fe, New Mexico, at which time and place petitioner and other interested parties will be heard.

GIVEN under the seal of the Oil Conservation Commission at Santa Fe, New Mexico, this 30th day of December, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. B. Spurrier, Secretary

S E A L

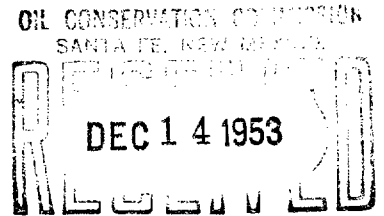
C. MELVIN NEAL
W. D. GIRAND, JR.

KERM'T E. NASH
W. D. GIRAND, SR.
J. W. NEAL

NEAL & GIRAND
LAWYERS
NEAL BUILDING
HOBBS, NEW MEXICO

TELEPHONES:
3-5171 3-5172
P. O. BOX 1326

December 14th, 1953



Oil Conservation Commission,
Santa Fe, New Mexico.

Attention: Mr. R. R. Spurrier.

Gentlemen:

We enclose herewith in quadruplicate Form C-104 and Form C-110, Revised July 1, 1952, covering the Me-Tex-Wallace Wells 2 and 3 located in Lots 12 and 14, respectively, in Section 3, Township 21 South, Range 36 East.

It is expressly understood that the filing of these forms is subject to the final determination of the Motion for Rehearing filed by the Me-Tex Supply Company in Case No. 584 and without prejudice thereto, and said filing is made for the sole purpose of obtaining authorization to produce and sell gas during the interim of the pendency of the Motion for Rehearing.

Very truly yours,

NEAL & GIRAND,

BY: A handwritten signature in dark ink, appearing to be "W. D. Girand, Jr.", written over the printed name "BY:".

G/l's

Encls.

cc: Me-Tex Supply Company, Box 2077,
Hobbs, New Mexico.

C. MELVIN NEAL
W. D. GIRAND, JR.

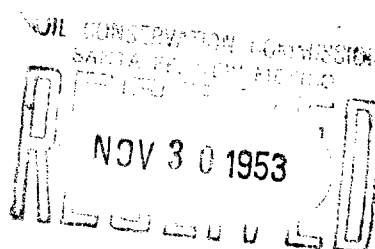
KERMIT E. NASH
W. D. GIRAND, SR.
J. W. NEAL

NEAL & GIRAND
LAWYERS
NEAL BUILDING
HOBBS, NEW MEXICO

TELEPHONES:
3-5171 3-5172
P. O. BOX 1926

AIR MAIL

November 25, 1953



Oil Conservation Commission,
State of New Mexico,
Santa Fe, New Mexico.

In re: In the Matter of the Hearing Called by
the Oil Conservation Commission of the
State of New Mexico in Case No. 584

Gentlemen:

We are enclosing herewith Motion for Rehearing
of Me-Tex Supply Company in Case No. 584 for filing.

Very truly yours,

NEAL & GIRAND,

BY:

A handwritten signature in cursive script, likely belonging to one of the attorneys, Neal or Girand.

N/cl
Encls.

cc: Mr. Fletcher Catron,
Attorney at Law,
Santa Fe, New Mexico.
(with enclosure)

A large, bold, handwritten signature in cursive script, likely belonging to Mr. Fletcher Catron, the recipient of the letter.

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

December 4, 1953

C
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MEMO: To Governor E. L. Mechem, Commissioner Walker,
W. B. Macey and Neal and Girand for Me-Tex Supply Co.

FROM: R. R. Spurrier, Secretary and Director

SUBJECT: Motion for Rehearing in Case 584

Neal and Girand have asked for a rehearing in Case 584 for their client, Me-Tex Supply Company. Apparently the Commission made an error of omission in the issuance of Order R-370-A and put Me-Tex in the impossible position of needing a quarter section where no quarter section exists. This is caused by the long sections located in Section 3, Township 21 South, Range 36 East.

If their motion for rehearing is not granted before the first of the year the Eumont Gas Pool Proration Plan cannot go into effect.

I recommend that the Motion for Rehearing be granted and set down for December 18th and that Me-Tex make application for two unorthodox well locations and two unorthodox proration units.

Jan. 21

RS
OK with me -
Esuwalke
OK with me
Edwards & W. L.

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

December 4, 1953

C
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P
Y

Mr. Melvin Neal
Attorney at Law
P. O. Box 1326
Hobbs, New Mexico

Dear Mr. Neal:

According to our conversation of December 3rd in this office, please disregard my letter dated December 2, 1953, in which I stated that the rehearing in Case 584 would be scheduled for the regular January 20, 1954 hearing.

Very truly yours,

R. R. SPURRIER
Secretary and Director

RRS:vc

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

December 2, 1953

Mr. Melvin Neal, Attorney
NEAL AND GIRARD
Box 1326
Hobbs, New Mexico

Dear Mr. Neal:

This will affirm the Commission's decision to grant re-hearing in Case 584 upon application of your client, Me-Tex Supply Company. The application was received November 30, 1953.

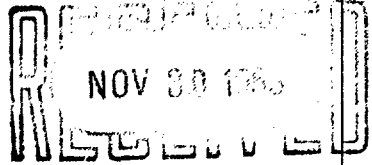
The re-hearing will be scheduled for the regular January 20, 1954, hearing of the Commission. Formal order granting the re-hearing will be issued shortly, and will be sent to you on behalf of your client.

Very truly yours,

R. R. Spurrier
Secretary - Director

RRS:nr

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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 THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 584

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION ON ITS
OWN MOTION FOR AN ORDER ESTABLISHING
POOL RULES FOR THE EUMONT GAS POOL,
LEA COUNTY, NEW MEXICO, SAID RULES
BEING CONCERNED WITH WELL SPACING,
GAS PRORATION AND ALLOCATION,
PRORATION UNITS, POOL DELINEATION
AND OTHER RELATED MATTERS INSOFAR
AS THEY PERTAIN TO THE GENERAL RULES
FOR GAS PRORATION AS SET FORTH IN
ORDER NO. R-356 IN CASE 521.

MOTION FOR REHEARING

COMES NOW the Me-Tex Supply Company and moves the
Commission for a rehearing in the above styled and numbered
cause and for grounds shows:

1. That heretofore on November 10, 1953, the Commission
issued its Order No. R-370-A in the above styled and numbered
cause establishing certain rules and regulations for the
Eumont Gas Pool in Lea County, New Mexico. That the applicant,
Me-Tex Supply Company, is an interested party in the above
styled and numbered cause and is adversely affected by the
order issued in said cause establishing rules and regulations
for the Eumont Gas Pool and is affected by said order by
reason of the fact that it is the owner of an oil and gas lease
covering Lots 5, 6, 11, 12, 13 and 14 in Section 3, Township 21
South, Range 36 East, N.M.P.M., Lea County, New Mexico, located
within the area of said pool and is the owner of two producing
gas wells located on said tract, which said wells are designated
as Me-Tex Wallace State No. 2 located on Lot 12 and the Me-Tex
Wallace State No. 3 located on Lot 14.

2. That the order of the Commission entered in the
above styled and numbered cause and designated as No. R-370-A

is erroneous and issued in error and is in excess of the jurisdiction of the Commission to enter by reason of the fact that:

A. Under the laws of the State of New Mexico before the Commission is authorized to make rules and regulations providing for the establishment of proration rules in a gas pool, the Commission is required to fix the allowable for such pool and no allowable has been fixed for said pool.

B. That under the laws of the State of New Mexico before an allowable can be fixed in a gas pool and an order entered by the Commission providing for the proration and spacing of gas wells, the Commission is required to obtain from gas purchasers in said pool their nominations for gas from said pool in order for the Commission to determine that the gas produced in the pool exceeds the reasonable market therefor and no such nominations have been obtained.

C. That under the laws of the State of New Mexico the Conservation Commission cannot put into effect rules and regulations providing for the proration of gas in a pool until such time as the Commission has determined, upon hearing therefor, that waste is being committed in the pool in question. That the determination that waste is being committed in a pool can only be made by the Commission upon legal evidence showing such condition. That the order of the Commission entered in this cause fails to find that waste is being committed in the Eumont Gas Pool and evidence upon which the Commission acted in this cause is not sufficient to sustain a finding by the Commission that waste is occurring in the Eumont Gas Pool by reason of which the Commission was without jurisdiction to enter the order that has been entered.

3. That the order No. R-370-A is improvidently issued and is illegal and is beyond the power and jurisdiction of the Commission to promulgate insofar as said order establishes

rules and regulations which permit the production of more than one allowable from a gas well producing in said pool and the Commission was without power and authority to allocate the production of gas to permit consolidation of proration units so as to permit the production of more than one allowable from the proration unit, which practice is permitted by said order.

4. That the order of the Commission No. R-370-A was arbitrary and unreasonable and the rules and regulations promulgated by such order are illegal, unreasonable and arbitrary in their application to applicant's land in the following particulars:

A. That under the terms and provisions of Rule 2 promulgated by said order a gas proration unit is made to consist of 160 surface acres substantially in the form of a square which is required to be a quarter section of the United States Public Land Surveys.

B. That there is no valid reason for requiring a well to be located upon a quarter section subdivision of the United States Public Land Surveys and in the case of the applicant such rule and regulation would prohibit the applicant from producing more than one allowable from the two gas wells which applicant has upon the lands hereinabove described by reason of the fact that said wells are both located in the same quarter section subdivision. To prohibit the applicant from allocating its acreage except within the limits of a quarter section subdivision to said wells would deprive applicant of its property rights without due process of law and without compensation therefor and is an arbitrary, illegal and unreasonable regulation.

C. That the section of land within which the wells of applicant are located is on a correction line and contains 960 acres of land. It contains no quarter section subdivisions and the rules and regulations promulgated by the Commission insofar as they provide that a gas proration unit shall be

required to be within the limits of a quarter section subdivision is unjust, unreasonable, arbitrary and illegal and deprives applicant of its property rights without due process of law and without compensation therefor. In the alternative in the event the Commission should rule that such a section of land as that herein described contains legal quarter section subdivisions, then such quarter section subdivisions comprise 240 acres of land and the allowable of a gas well on such a legal subdivision should be one and one-half times the allowable of a well located upon a 160 acre subdivision.

5. That Rule 5 promulgated by the Commission attempts to make the proration rules and regulations established by the Commission in Order No. R-370-A applicable to wells which were drilled in the field prior to the adoption of said order. That prior to the enactment of Chapter 168 of the Laws of 1949 and prior to November 10, 1953, Me-Tex Supply Company had drilled and was producing gas from two wells located on the lands hereinabove described. That at the time said wells were drilled they were drilled in accordance with the rules and regulations of this Commission relative to the drilling and completion of such wells and said wells were and are legal wells as such terms are defined in the Statutes of New Mexico. That Order No. R-370-A insofar as it attempts to establish rules and regulations which would prohibit applicant from producing said wells or which would prohibit applicant from producing the full allowable from each of said wells is unjust, unlawful and discriminatory and violates the constitutional rights of the applicant in that it deprives applicant of a valuable property right without due process of law and without compensating them therefor and exceeds the jurisdiction and power of the Commission.

6. That the order entered by the Commission, R-370-A, is unjust, unreasonable, arbitrary and illegal in that it fails

to provide for the establishment of proration units in sections which do not have quarter section subdivisions such as the section in which applicant's lands are located.

WHEREFORE, applicant prays that:

A. The Commission grant a rehearing and upon such rehearing such order be vacated and that the rules and regulations not be made effective until such time as the allowable production of gas in the Eumont Gas Pool has been established by the Commission after notice and hearing;

B. That upon the adoption of rules and regulations by the Commission the rules and regulations be amended so as to prohibit the production of more than one allowable from a gas well from a proration unit in the pool;

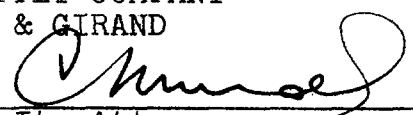
C. That such rules and regulations permit the production of a full allowable of gas from all wells legally drilled and producing in the pool prior to the enactment of Chapter 168, Laws of 1949 and prior to the adoption of spacing and proration regulations in said pool; and that that portion of said order which provides that a proration unit must be within the boundaries of a legal quarter section subdivision be abrogated or, in the alternative, that a rule be adopted which permits the production by applicant and others so similarly situated of an allowable of one and one-half times the allowable permitted for wells located in a 160 acre subdivision.

Respectfully submitted,

ME-TEX SUPPLY COMPANY

BY: NEAL & GIRAND

BY


Its Attorneys