

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
THE TEXAS COMPANY FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION TO RULE 5 (a)
OF ORDER NO. R-520 IN THE ESTABLISHMENT
OF A NON-STANDARD GAS PRORATION UNIT IN
THE EUMONT GAS POOL CONSISTING OF THE
N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, AND NE $\frac{1}{4}$ SE $\frac{1}{4}$ OF SECTION 12,
TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM,
LEA COUNTY, NEW MEXICO, AND THE ASSIGN-
MENT OF SAID ACREAGE TO THE TEXAS COMPANY'S
ROY RIDDEL WELL NO. 2 FOR GAS PRORATION
PURPOSES.

Case No. 854

APPLICATION FOR REHEARING

Come now applicants, Schermerhorn Oil Corporation and J. H. Moore, by their attorneys, Campbell & Russell, and apply to the Commission for a rehearing in the above styled matter, and as their reasons therefor state:

1. Applicant Schermerhorn Oil Corporation is the owner and operator of a gas well in the Eumont Gas Pool situated in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 12, Township 21 South, Range 36 East, and is the owner and operator of contiguous acreage consisting of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 12. An 80-acre allowable is presently being attributed to its Carter Unit #1 well on such 80-acre tract.

2. Applicant J. H. Moore is the owner of an interest in a well situated in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 7, Township 21 South, Range 36 East, and is also the owner of an interest in the Carter Unit #1 well hereinabove described.

3. Order No. R-621 entered in the above styled matter is erroneous in the following respects:

(a) The order entered is contrary to the purposes and intent of Order No. R-520 as previously entered by the Commission as it affects the Eumont Gas Pool inasmuch as it isolates small tracts within the limits of a standard gas proration unit.

(b) The Texas Company failed to use reasonable efforts to secure approval from royalty interests underlying the proposed unit to the pooling of said royalty interests with the acreage of Schermerhorn and Moore to form a larger gas proration unit, and Finding No. (7) of the Commission is therefore erroneous and unreasonable.

(c) It is practical and equitable to force the pooling of The Texas Company unit acreage with the acreage of Schermerhorn and Moore as above described, and Finding No. (8) is therefore erroneous and unreasonable and arbitrary.

(d) That the approval of the application of The Texas Company and the drilling of the unit well will result in the clustering of gas wells in the N $\frac{1}{2}$ of Section 12, Township 21 South, Range 36 East, resulting in inequitable withdrawals from the reservoir and will adversely affect the correlative rights of the applicants herein, both as to acreage within Section 12 as well as acreage within Section 7.

4. Order No. R-621 deprives applicants of their property without due process of law.

WHEREFORE, applicants request a rehearing in Case No. 854 before the Commission.

Respectfully submitted,
SCHERMERHORN OIL CORPORATION

J. H. MOORE

By Jack M. Campbell
Jack M. Campbell
For CAMPBELL & RUSSELL
their attorneys