

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. 1637
Order No. R-1389

APPLICATION OF THE ATLANTIC REFINING
COMPANY FOR AN ORDER COMBINING THE
ALLISON-PENNSYLVANIAN AND NORTH ALLISON-
PENNSYLVANIAN POOLS, LEA AND ROOSEVELT
COUNTIES, NEW MEXICO, AND FOR THE
PROMULGATION OF SPECIAL RULES AND
REGULATIONS THEREFOR TO PROVIDE FOR 80-
ACRE PRORATION UNITS.

APPLICATION FOR REHEARING

TO THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO:

Comes now The Atlantic Refining Company, Applicant in the above case, and respectfully applies for a rehearing therein, and in support thereof states that the Commission erred in entering its Order No. R-1389 dated May 7, 1959, in the following respects:

1. This case was heard before the Commission at Hobbs, New Mexico, on April 15, 1959. On May 7, 1959, the Commission enter Order No. R-1389 denying the Application of The Atlantic Refining Company for an order combining the Allison and North Allison-Pennsylvanian Pools and providing for 80-acre well spacing and proration units.

2. With respect to the combination of the two pools, the Commission made Finding No. 4 as follows:

"(4) That at this stage of development an order combining the said Allison-Pennsylvanian Pool with the said North Allison-Pennsylvanian Pool would be premature."

Said Finding is not supported by the evidence in the record. In addition a well is now drilling which will offer further evidence upon which an order can be entered relative to the combination of the two pools.

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3. With respect to the 80-acre spacing and proration units requested by the Applicant, the Order of the Commission is based in part on Finding No. 5 as follows:

"(5) That the applicant has failed to prove that the Allison-Pennsylvanian Pool and the North Allison-Pennsylvanian Pool can be efficiently drained and developed on an 80-acre spacing pattern."

The above Finding is without any support in the record and is contrary to the evidence in the record before the Commission, and is therefore unreasonable and unlawful.

4. The Commission's Order denying 80-acre spacing and proration units was based in part on Finding No. 6 as follows:

"(6) That the said Allison-Pennsylvanian Pool has thus far been developed on a 40-acre spacing pattern."

The above Finding does not preclude the development of the pool on an 80-acre basis. The record shows that 80-acre spacing or proration units can be assigned to the respective wells which have been drilled in a manner which will protect all interested parties. Said Finding does not constitute any valid basis for denial of Applicant's request for 80-acre spacing and proration units.

5. The Order denying 80-acre spacing and proration units was based in part on Finding No. 7 as follows:

"(7) That continued development of said pools on 40-acre proration units will not cause the drilling of unnecessary wells."

The above Finding is without any support in the record and is contrary to the evidence in the record before the Commission, and is therefore unreasonable and unlawful.

6. Findings Nos. 8 and 9 and Paragraphs 1, 2, and 3 of the Order are based upon the above Findings, and as the findings upon which they are based are without support in the record and are contrary to the evidence in the record, the above ultimate Findings and Order of the Commission are without any support in the evidence and are contrary to the evidence in the record and are therefore unreasonable and unlawful.

7. The Applicant would further show that it is entitled to a rehearing upon all phases involved in connection with the original application upon the following additional grounds:

(a). Since the hearing two additional wells have been completed in the pool, and one additional well is drilling, which wells will afford further information which the Commission should consider. Further pressure information is obtainable from one of the wells which has been completed, and this information should be considered by the Commission. The well which is drilling will afford further information as to the combination of the Allison and North Allison Pools.

(b). Applicant now has available material balance calculations which it desires to offer to the Commission showing that one well will drain 80 acres.

(c). The Applicant would further offer additional evidence including volumetric calculations of oil in place and all basic data upon which the calculations were made. The volumetric calculations will show that the oil in place under a 40-acre tract is such that the development of the pool on such a pattern is not economically feasible. Applying a reasonable recovery factor to the oil in place under 40-acre tracts, it will show that the development of the pool on a 40-acre pattern would result in economic loss to the operators.

(d). Applicant has contacted other operators in the pool for the purpose of developing a plan of development of the pool, and the results of these efforts will be introduced at the rehearing.

WHEREFORE, Applicant prays that this Application for Rehearing be granted for the purpose of reconsidering Order No. R-1389, and that after notice of hearing as required by law the Commission rescind Order No. R-1389 and enter an order granting the rules as requested in the Application for the original hearing in the above cause. It is requested that in considering this Application for Rehearing.

and in its further consideration of this case, the Commission consider
as separate requests the request for combination of the pools and the
request for 80-acre spacing and proration units.

Respectfully submitted,

THE ATLANTIC REFINING COMPANY

By 

HERVEY, DOW & HINKLE

P. O. Box 547

Roswell, New Mexico