

MAIN OFFICE OCC

1960 SEP 21 PM 1:22 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. 2051

APPLICATION OF AMANDA E. SIMS AND
GEORGE W. SIMS FOR AN ORDER VACATING
THE STANDARD 160-ACRE TUBB GAS UNITS
CREATED BY ORDER NO. R-1310, AND FOR
AN ORDER ESTABLISHING A 160-ACRE
NON-STANDARD GAS PRORATION UNIT IN
THE TUBB GAS POOL, LEA COUNTY,
NEW MEXICO.

APPLICATION FOR REHEARING

TO THE HONORABLE JOHN BURROUGHS, CHAIRMAN,
and to MURRY E. MORGAN, MEMBER, and A. L.
PORTER, JR., MEMBER AND SECRETARY OF THE
OIL CONSERVATION COMMISSION OF THE STATE
OF NEW MEXICO:

The Petitioners respectively request a rehearing in the
above entitled cause and that Order No. R-1766, of the Commission
entered in said cause on the 17th day of August, 1960, be vacated,
set aside and held for naught and replaced by an order of the Commission
as hereinafter suggested for the reasons and upon the grounds
following, to-wit:

1. That on or about the 14th day of July, 1955, this
Commission in Case No. 929 pursuant to an application filed there-
in by R. Olsen Oil Company, a corporation, made and entered its
Order No. R-677 thereby creating a production unit for the purpose
of producing dry gas and associated liquid hydro-carbons from the
vertical limits of the Tubb gas zone. Said production unit covered
an oil and gas Leasehold estate owned by R. Olsen Oil Company, a
corporation, which said oil and gas Leasehold estate covered the
following described real estate situate in Lea County, New Mexico,
to-wit:

SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 25, Township 22 S,
Range 37 E, N.M.P.M., and containing 160 acres more or less.

That thereafter and on or about the 11th day of September, 1957, there was consummated by and between R. Olsen Oil Company, a corporation, Charlton Lyons, Marjorie Lyons, W. P. Prentiss, Dorothea Prentiss, George F. Bauerdorf and Thelma Bauerdork, the then owners of the aforementioned and described oil and gas Leasehold estate and Amanda E. Sims and George W. Sims, the then owners of the fee simple title of the aforementioned and described real estate covered by said aforementioned oil and gas Leasehold estate, a communitization agreement pooling said aforementioned and described oil and gas Leasehold estate for the development of the same as a production unit and for the production therefrom of dry gas and associated liquid hydro-carbons which may be produced from the vertical limits of the Tubb gas zone as defined by the New Mexico Oil Conservation Commission. That said agreement provided that the covenants thereof should be considered as covenants running with the ownership of the respective interests committed by reason of said agreement and shall extend to the heirs, personal representatives, successors and assigns of all the parties to said agreement. [That by virtue of this agreement the respective interest of the respective parties thereto became a fixed and vested interest not subject to change alteration or modification by this Commission.] That the production unit created by this Commission in its Order No. R-677, on July 14, 1955, in Case No. 929, aforementioned and referred to. That thereafter and on or about the 20th day of September, 1957, pursuant to the aforementioned Order of this Commission and also the communitization agreement, R. Olsen Oil Company, a corporation, began the drilling of a gas well to the Tubb gas zone on the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of said aforementioned and described acreage. That said gas well was completed in the Tubb gas zone as a commercial producer of dry gas and associated liquid hydro-carbons from the vertical limits of the Tubb gas zone on or about the 1st day of January, 1958. That such production was attributed to the aforementioned lease in accordance with the Commission's Order No. R-677 and the contract of the parties. That thereafter an application was filed by Olsen Oils, Inc., successors

in interest to R. Olsen Oil Company in the aforementioned and described Leasehold estate, in Oil Conservation Commission Case No. 1567, upon which a hearing was held on December 10, 1958. That during the hearing held by said Commission as aforesaid the applicants did not advise or make known to said Commission the fact that they had entered into a communitization agreement on September 11, 1957, with Amanda E. Sims and George W. Sims, the then owners of the fee simple title of the aforementioned and described real estate covered by said aforementioned oil and gas Leasehold estate for the development of the same and the production therefrom of dry gas and associated liquid hydro-carbons which might be produced from the vertical limits of the Tubb gas zone as defined by the Oil Conservation Commission. That said applicants by their failure to advise the Commission of said agreement misled the Commission in connection with said hearing. That pursuant to said hearing this Commission made an Order on December 17, 1958, being Order No. R-1310, force pooling the NW $\frac{1}{4}$ of the aforescribed property as a Tubb gas unit and the SW $\frac{1}{4}$ of the aforescribed property as a Tubb gas unit. That said Order was in violation of the fixed, vested rights of these applicants as created by the previous Order of this Commission first hereinabove mentioned and referred to and the communitization agreement as aforementioned and referred to. That by reason of Order No. R-677 having been adopted by the Commission and by reason of the communitization agreement having been entered into between the parties as aforesaid, the Leasehold estate hereinbefore described was not subject to the jurisdiction of this Commission for any pooling order and the Commission was without jurisdiction to enter its Order No. R-1310. That this last mentioned and referred to Order of the Commission also was in violation of the correlative rights of said applicants.

2. That by reason of Order No. R-1310 made and entered in Case No. 1567 by this Commission under date of December 17, 1958, the rights of said applicants have been adversely affected due to the fact that their participating interest in the production unit first aforementioned and referred to has been reduced causing them


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to suffer economic loss. Said last mentioned and referred to Order of this Commission also resulted in an additional Tubb gas well being drilled upon the first production unit hereinbefore mentioned and referred to thereby causing more depletion of the reservoir under the first production unit and causing further economic loss to these applicants.

That this Commission should vacate, set aside and hold for naught the last production unit created by its last Order hereinbefore mentioned and referred to and leave undisturbed the production unit first hereinabove mentioned and referred to and, by leaving undisturbed the respective interest of these applicants in said original unit, enforce the voluntary pooling agreement of the parties and act within the jurisdiction granted to the Commission by law.

Respectfully requested,

C. N. MORRIS
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EUNICE, NEW MEXICO



Attorney for Applicants

I HEREBY CERTIFY THAT I MAILED A COPY
OF THE FOREGOING PLEADING TO OPPOS-
ING COUNSEL OF RECORD THIS 20th
DAY OF September 1960
ORIGINAL SIGNED BY:
C. N. MORRIS