

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

Case No. 8793
Order R-8153

APPLICATION OF UNION TEXAS
PETROLEUM CORPORATION FOR A
NON-STANDARD SPACING AND
PRORATION UNIT, LEA COUNTY,
NEW MEXICO.

APPLICATION FOR REHEARING

Comes now, UNION TEXAS PETROLEUM CORPORATION, a party of record adversely affected by Order R-8153, and hereby moves the Commission pursuant to Section 70-2-25, N.M.S.A. (1978 Comp.) for rehearing in the above-referenced case, and in support thereof states:

A. Order R-8153 is arbitrary, capricious, unreasonable and contrary to law. Order R-8153 is contrary to the statutory duties of the Oil Conservation Commission to protect the correlative rights of interest owners in the NW/4 SW/4 of Section 1, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and the Scott No. 1 Well located thereon for it requires each interest owner in this acreage to reduce their interest in the Scott No. 1 Well by 50% by sharing the production from the NW/4 SW/4 of Section 1 with the owners of acreage which was shown by uncontroverted evidence at the time of hearing to be outside

the productive limits of the Northeast Caudill-Wolfcamp Pool, and therefore incapable of contributing substantial reserves to the Scott No. 1 Well. Order R-8153 therefore denies the interest owners in the Scott No. 1 Well and in the NW/4 SW/4 of said Section 1 the opportunity to produce their just and equitable share of the reserves from the Northeast Caudill-Wolfcamp Pool.

B. The findings in Order R-8153 are not supported by substantial evidence. When the record in this case is reviewed, it clearly shows that the entry of Order R-8153 and the denial of the application of Union Texas Petroleum Corporation for a non-standard spacing or proration unit is contrary to the evidence presented which established and was not controverted by anyone that the SW/4 SW/4 of Section 1 was outside the productive limits of the Northeast Caudill-Wolfcamp Pool and incapable of ever contributing substantial reserves to the Scott No. 1 Well, and that the dedication of additional acreage to the Scott No. 1 Well will impair the correlative rights of the interest owners in the NW/4 SW/4 of Section 1, will not prevent waste, and is arbitrary, capricious, unreasonable and contrary to law.

Respectfully submitted

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