

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

July 16, 1969

Kimbell, Inc.  
P. O. Box 1540  
Fort Worth, Texas

Attention: Mr. Sam W. Sims, Jr.

Re: Cook Bloomfield Unit Well No. 1,  
located in Unit N of Section 22,  
Township 29 North, Range 11 West,  
Basin-Dakota Pool, San Juan County,  
New Mexico

Gentlemen:

Thank you for your prompt cooperation in the above-described matter.

Responding to questions in your letter of July 14, 1969, it appears that you are correct in your determination that the 125% can only be charged against drilling and completion costs and not to operating costs and that the drilling and completion costs can only be withheld from the working interests' share (7/8) of the revenues derived from the sale of hydrocarbons.

In response to your question concerning allocation of operating costs, the Commission has taken the position that even after payout the royalty interests' share (1/8) is not to be affected by such costs.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/GMH/esr

cc: Mr. Robert L. Finch  
Farmington, New Mexico

Mr. Emery C. Arnold  
Supervisor, District 3  
Oil Conservation Commission  
1000 Rio Brazos Road  
Aztec, New Mexico

