

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. 2318
Order No. R-2027

APPLICATION OF EL PASO NATURAL
GAS PRODUCTS COMPANY FOR AN ORDER
POOLING A NON-STANDARD OIL PRORA-
TION UNIT IN THE CHA CHA-GALLUP
OIL POOL, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 28, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of July, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, El Paso Natural Gas Products Company, seeks an order pooling all mineral interests in the Cha Cha-Gallup Oil Pool lying North of the mid-channel of the San Juan River in the SE/4 of Section 17, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

(3) That the proposed non-standard oil proration unit contains 108.14 acres according to the most recent Public Lands Survey, being the survey of August 3, 1882.

(4) That the applicant has attempted to secure the consent of all mineral interest owners in the proposed proration unit, but that all of said owners have not so consented.

(5) That in order to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner

-2-

CASE No. 2318
Order No. R-2027

of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in the Cha Cha-Gallup Oil Pool, the subject application should be approved.

(6) That Pan American Petroleum Corporation, a working interest owner in said unit, proposes to drill a well at an unorthodox location in the Cha Cha-Gallup Oil Pool, authorization for which was granted by the order entered in Case No. 2297.

(7) That Pan American Petroleum Corporation should be designated the operator of the unit.

IT IS THEREFORE ORDERED:

(1) That all mineral interests in the Cha Cha-Gallup Oil Pool lying North of the mid-channel of the San Juan River in the SE/4 of Section 17, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a non-standard 108.14-acre oil proration unit in said pool.

(2) That the allowable to be assigned to said proration unit shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as the acreage in said unit bears to 80.

(3) That in the event it is determined by an official re-survey, or otherwise, that the acreage in said proration unit is greater or smaller than 108.14 acres, the acreage to be allocated to said unit shall correspond to the change.

(4) That Pan American Petroleum Corporation is hereby designated as the operator of said unit.

(5) That the proportionate share of the costs of development and operation of the pooled unit shall be borne by each consenting working interest owner in the same proportion to the total costs that his acreage bears to the total acreage in the pooled unit.

(6) That the proportionate share of the costs of development of the pooled unit, including a reasonable charge for supervision and risk, shall be paid out of production by each non-consenting working interest owner and shall be 125 percent of the same proportion to the total costs of drilling and completing a well on the unit that his acreage bears to the total acreage in the pooled unit.

(7) That the share of the costs for development of the pooled unit, as determined above, which is to be paid by the mineral interest owners shall be withheld only from the working interests' share (7/8) of the revenues derived from the sale

-3-

CASE No. 2318
Order No. R-2027

of the hydrocarbons produced from the well on the pooled unit. Royalty payments are not to be withheld for the purpose of paying out the costs of development and operation of the pooled unit.

(8) That Pan American Petroleum Corporation shall furnish the Commission with an itemized schedule of well costs upon completion of a well on the subject oil proration unit.

(9) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

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