Active

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. 2500
Order No. R-2226

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR A FORCE-POOLING ORDER,
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 February 27, 1962, 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 30th day of April, 1962, 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, Pan American Petroleum Corporation, seeks an order pooling all mineral interests in the Flora Vista-Mesaverde and Basin-Dakota Gas Pools in the N/2 of Section 27, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico. As an alternative, applicant requests the establishment of a 318-acre non-standard gas proration unit in both of said pools consisting of all of the N/2 of said Section 27 except 2 acres which comprise Lot 9, Block 3 of Flora Vista Acres Subdivision in the NW/4 NE/4 of said Section 27 owned by Henry E. and Lois Irene Lindsey, P. O. Box 176, Flora Vista, New Mexico.

(3) That the applicant has made fair and reasonable offers to lease or to communitize with respect to each non-consenting working interest owner within the N/2 of said Section 27.

(4) That although the applicant has made fair and reasonable offers and has been diligent in its efforts to form the proposed proration units, there remain non-consenting interest owners in the subject proration units who have not agreed to the pooling of their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said proration units the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the Flora Vista-Mesaverde and Basin-Dakota Gas Pools, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

(6) That the applicant proposes to dedicate the subject units to its Stedje Gas Unit Well No. 1 located in the SE/4 NW/4 of said Section 27, which well has been completed in the Flora Vista-Mesaverde and Basin-Dakota Gas Pools.

(7) That the applicant seeks permission and should be authorized to withhold the proceeds from production attributable to each non-consenting working interest until such time as each interest's share of the costs of said well has been recovered, plus 25 percent thereof as a charge for the risk involved in the drilling of the well.

(8) That $100.00 per month should be fixed as the cost of operating the subject well, and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

(9) That the applicant should furnish the Commission and each non-consenting working interest owner in the subject units an itemized schedule of total well costs within 30 days following the date of this order.

(10) That any non-consenting working interest owner should be afforded the opportunity to pay his share of well costs within 30 days from the date the schedule of well costs is furnished him by the applicant in lieu of paying his share of costs out of production.

(11) That Pan American Petroleum Corporation should be designated the operator of said units.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Flora Vista-Mesaverde and Basin-Dakota Gas Pools in the N/2 of Section 27, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit in each pool. Said units shall be dedicated to the Stedje Gas Unit Well No. 1 located in the SE/4 NW/4 of said Section 27.

(2) That Pan American Petroleum Corporation is hereby designated the operator of said units.

(3) That Pan American Petroleum Corporation is hereby authorized to withhold the proceeds from production attributable to each non-consenting working interest until such time as each interest's share of well costs has been recovered, plus 25 percent thereof as a charge for the risk involved in the drilling of the well.

(4) That $100.00 per month is fixed as the cost of operating the subject well, and Pan American Petroleum Corporation is hereby authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

(5) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(6) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(7) That the applicant shall furnish the Commission and each non-consenting working interest owner in the subject unit an itemized schedule of well costs within 30 days following the date of this order.

(8) That any non-consenting working interest owner shall have the right to pay his share of well costs to Pan American Petroleum Corporation within 30 days from the date the schedule of well costs is furnished him by Pan American Petroleum Corporation, in lieu of paying his share of well costs out of production. In the event any such owner elects to pay his share of well costs as provided for in this paragraph, he shall remain liable for operating costs but shall not be liable for risk charges.

(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

S E A L

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

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