

Case No.

2611

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Application, Transcript,  
and Exhibits, Etc.

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. 2611  
Order No. R-2298

APPLICATION OF SOUTHWEST PRODUCTION  
COMPANY 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 July 26, 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 2nd day of August, 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, Southwest Production Company, seeks an order pooling all mineral interests in the Basin-Dakota Gas Pool in the W/2 of Section 9, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.

(3) That the applicant has made diligent effort to identify and to locate all owners of interest in the proposed proration unit.

(4) That the applicant has made fair and reasonable offers to lease or to communitize with respect to each non-consenting interest owner whose identity and address is known.

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

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

(7) That the applicant proposes to dedicate the subject proration unit to its Sam Cooley Well No. 1, located 1865 feet from the South line and 1310 feet from the West line of said Section 9.

(8) That the applicant seeks permission 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.

(9) That \$75.00 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.

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

(11) 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.

(12) That any non-consenting working interest owner not electing to pay his share of well costs within 30 days from the date said schedule is furnished him should have his share of the well costs withheld from production plus 25 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(13) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership.

(14) That Southwest Production Company should be designated the operator of the subject well and unit.

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CASE No. 2611  
Order No. R-2298

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool in the W/2 of Section 9, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit. Said unit shall be dedicated to the Sam Cooley Well No. 1, located 1865 feet from the South line and 1310 feet from the West line of said Section 9.

(2) That Southwest Production Company is hereby designated the operator of the subject well and unit.

(3) That Southwest Production Company 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 \$75.00 per month is fixed as the cost of operating the subject well, and Southwest Production Company 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 known 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 Southwest Production Company within 30 days from the date the schedule of well costs is furnished him by Southwest Production Company, 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 all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow

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CASE No. 2611  
Order No. R-2298

in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership. The Commission shall be notified as to the name and address of said escrow agent.

(10) 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.

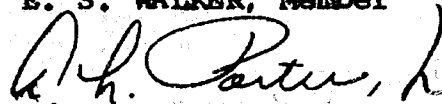
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



esr/

CASE 2607: Application of Newmont Oil Company for special rules for its Square Lake Pool Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Orders Nos. R-1110, R-1110-A, R-1110-B and R-1110-C defining the horizontal limits of its Square Lake Pool Waterflood Project in Eddy County, New Mexico, establishing rules for the expansion of said waterflood project, and providing for capacity allowables in said project area.

CASE 2608: Application of Southwest Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a gas proration unit comprising the S/2 of Section 5, Township 30 North, Range 11 West, Basin-Dakota Gas Pool, San Juan County, New Mexico.

CASE 2609: Application of Southwest Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a gas proration unit comprising the E/2 of Section 8, Township 30 North, Range 11 West, Basin-Dakota Gas Pool, San Juan County, New Mexico.

CASE 2610: Application of Southwest Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a gas proration unit comprising the E/2 of Section 9, Township 30 North, Range 11 West, Basin-Dakota Gas Pool, San Juan County, New Mexico.

CASE 2611: Application of Southwest Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a gas proration unit comprising the W/2 of Section 9, Township 30 North, Range 11 West, Basin-Dakota Gas Pool, San Juan County, New Mexico.

lqg/

DOCKET: EXAMINER HEARING - THURSDAY, JULY 26, 1962

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate examiner:

- CASE 2603: Application of Pan American Petroleum Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in a gas proration unit comprising the S/2 of Section 30, Township 29 North, Range 10 West, Basin-Dakota Gas Pool, San Juan County, New Mexico.
- CASE 2604: Application of Sunray DX Oil Company for permission to dispose of salt water, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks permission to dispose of salt water into the San Andres formation through its Nancy Watson Well No. 2, located 1980 feet from the South line and 660 feet from the West line of Section 31, Township 8 South, Range 34 East, Roosevelt County, New Mexico.
- CASE 2605: Application of Amerada Petroleum Corporation for approval of a quadruple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its L. G. Warlick "A" Well No. 2 located in Unit J of Section 19, Township 21 South, Range 37 East, Lea County, New Mexico, as a quadruple completion (tubingless) in the Penrose-Skelly, Paddock, Blinebry, and Drinkard Pools, with the production of oil from all zones to be through parallel strings of 2 7/8-inch casing cemented in a common well bore.
- CASE 2606: Application of Texas Crude Oil Company for permission to directionally drill, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to directionally drill its Ohio State Well No. 1-22. Said well has a surface location 1980 feet from the North line and 1980 feet from the West line of Section 22, Township 10 South, Range 36 East, Lea County; the proposed bottom-hole location of said well will be in the South Crossroads-Devonian Pool at a point 1650 feet from the North line and 1980 feet from the West line of said Section 22.

Case 2611

Heard 7-26-62

Rec. 7-26-62

1. Grant Southwest's request for  
forced pooling for. w/2 sec. 9 - 30 N - 11 W.  
S.P. Co. to be dedicated to their Senn  
Corley #1, 1310/W + 1865/S line 7 sec 9.
2. Allow. 125% + 75<sup>00</sup>

Thos. A. Welf



GOVERNOR  
EDWIN L. HECHER  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER



STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

P. O. BOX 871  
SANTA FE

August 2, 1962

Mr. George Verity  
Verity, Burr & Cooley  
Attorneys at Law  
152 Petroleum Center Building  
Farmington, New Mexico

Re: CASE NO. 2608, 2609, 2610 and 2611  
ORDER NO. R-2295, R-2296, R-2297  
and R-2298  
APPLICANT:  
SOUTHWEST PRODUCTION COMPANY

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Commission order recently entered in the subject case.

Very truly yours,

*A. L. Porter, Jr.*  
A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC ☒  
Artesia OCC ☒  
Aztec OCC ☒

OTHER \_\_\_\_\_

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1182

ALBUQUERQUE, N. M.  
PHONE 243-6691

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

July 26, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Southwest Production Com-  
pany for compulsory pooling, San Juan  
County, New Mexico. Applicant, in the  
above-styled cause, seeks an order force-  
pooling all mineral interests in a gas  
proration unit comprising the W/2 of  
Section 9, Township 30 North, Range 11  
West, Basin-Dakota Gas Pool, San Juan  
County, New Mexico..

CASE NO.  
2611

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

EXAMINER UTZ: Case No. 2611

MR. DURRETT: Application of Southwest Production Com-  
pany for compulsory pooling, San Juan County, New Mexico.

MR. VERITY: George L. Verity appearing for the Appli-  
cant.

MR. DURRETT: Let the record show that Mr. Jones has  
previously been sworn.

JACK D. JONES,

called as a witness, having been previously duly sworn on oath, was



examined and testified as follows:

DIRECT EXAMINATION

BY MR. VERITY:

Q Mr. Jones, you are the same Jack Jones who testified in the three previous cases?

A Yes, sir.

Q Are you familiar in detail with the land situation in the West half of Section 9, Township 30 North, Range 11 West?

A Yes, sir.

Q Has Southwest Production Company drilled and completed a well in the Dakota formation?

A Yes, sir.

Q Located in that unit?

A Yes, sir, we have.

Q Will you tell us where it is and when it was started and completed, please?

A The well is the Sam Cooley No. 1 well located 1310 feet from the West line and 1865 feet from the South line of Section 9, Township 30 North, Range 11 West. It was spudded on December 19, 1961, completed on February 2, 1962 with an IP of 2572 MCF, made its first delivery on June 4th, 1962.

Q Is this 320 acre unit, proration unit located partially within the town of Aztec?

A Yes, it is.

Q Have you made an effort to form a 100 percent unit in

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PHONE 243-6691

this 320 acres?

A Yes, sir, we have.

Q Have you been successful in obtaining the joinder of all parties owning interest therein, either by lease or agreement in drilling and developing a well?

A No, sir, we have not.

Q If you will, please, describe the situation with regard to the unleased or unjoined acreage in the unit, and tell us briefly what efforts you have made to contact each of these people.

A Well, these parties have again been contacted either personally or by mail. There are approximately three and a half acres that are unleased in this area.

Q And in these numerous instances, they have either refused to answer or refused to join?

A That's right.

Q Do you have the same opinion with regard to risk involved and having drilled the well that Southwest has drilled and completed, as stated in the three previous cases?

A Yes, sir.

Q Do you have the same opinion with regard to what would be a proper allowance for operating expenses monthly for operating the well?

A Yes, sir.

Q Do you have an opinion as to whether or not the granting



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of this application will prevent waste and protect correlative rights of all parties owning interest in the area?

A Yes, sir, it definitely will.

Q Is there anything particular with regard to description surveys and calls of part of the land in this 320 acres?

A The main problem in this area is the problem of description of the land. The descriptions are varied and you'll see in the map all these various lines. Those represent the lands either as leased or as conveyed by the various owners in the area, and you'll notice there is considerable overlapping and as to the lands involved, the descriptions of the lands. As a result, we are having great trouble in determining not only the description of the land but the acreages involved for purposes of computing royalties. Also, I might say we are having difficulty in determining ownerships of the various gaps that appear in the area.

MR. VERITY: Will you mark this?

(Whereupon Applicant's Exhibits 1 and 2 marked for identification)

MR. VERITY: We offer Exhibits 1 and 2. That's all we have.

EXAMINER UTZ: Wouthout objection, Exhibits 1 and 2 will be entered into the record of this case.

(Whereupon Applicant's Exhibits 1 and 2 entered into evidence.)

CROSS EXAMINATION



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BY EXAMINER UTZ:

Q How much acreage does Southwest own in this 320?

A We would own all but about three and a half acres, so that would be approximately 316½.

Q The tract is an even 320?

A Yes, sir.

Q Are all the other tracts even 320s also?

A Yes.

Q Your Exhibit No. 1 gives the location, doesn't it?

A Yes, sir, it did. The location of the well is in the middle of all these lines. We have already received a letter from one man, wanted to know why in the blankety-blank we drilled on his land without even bothering to get a lease from him. I pointed out that we did have the land under lease and that the records indicated he had purchased only the surface and not the minerals, in any event, and he had purchased the lands subject to our right to drill the well, and I have not since heard from him. At the time he was threatening to sue and everything else, but he has never answered the letter, but I think that indicates the nature of the problem we are faced with in that area. The people themselves are not sure what they own. It is, of course, further complicated by the fact, which I don't show here, that the new Highway No. 550 runs through this area.

EXAMINER UTZ: Any other questions of the witness?

MR. DURRETT: Yes, sir.



CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Jones, I believe you stated in the direct examination that you had contacted some of these parties by mail and some of them in person?

A Yes, sir.

Q Did you attempt to contact them in person prior to your attempt to contact them by mail?

A If I could, yes.

Q And in any that you could not contact in person, you attempted --

A I looked.

Q -- attempted to mail?

A Yes, right.

Q Now, did you send those letters certified mail?

A No, sir.

Q You did not?

A Registered mail, and only one of them came back, and that was in the East half of Section 8, and that was Captain Creighton C. Clark who has an Army APO, and the letter was returned by the Army stating that his whereabouts were unknown. I don't know whether that means he's gone over the hill or what, but the Army disclaims any notice of the whereabouts of the captain.

Q And that's the only one you did receive back from the Post Office Department?

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PHONE 243-6691



A In this area, yes.

MR. DURRETT: I believe that's all I have.

EXAMINER UTZ: Any other questions?

MR. VERITY: We have nothing further.

EXAMINER UTZ: The witness may be excused.

(Witness excused.)

EXAMINER UTZ: The case will be taken under advisement.

The Hearing is adjourned.

\* \* \* \*

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PHONE 243-6691

FARMINGTON, N. M.  
PHONE 325-1182





STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss.

I, MARIANNA MEIER, NOTARY PUBLIC in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

*Marianne Meier*  
NOTARY PUBLIC

My Commission Expires:  
\_\_\_\_\_

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2616 heard by me on July 26, 1962.

*Thos. A. Hoff*  
Examiner  
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1182

ALBUQUERQUE, N. M.  
PHONE 243-6691



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO  
1932 JUL 15 AM 10 21

IN THE MATTER OF: )  
THE APPLICATION OF SOUTHWEST )  
PRODUCTION COMPANY FOR AN )  
ORDER FORCE POOLING THE )  
BASIN-DAKOTA FORMATION UNDER- )  
LYING THE WEST HALF (W $\frac{1}{2}$ ) OF )  
SECTION 9, TOWNSHIP 30 NORTH, )  
RANGE 11 WEST, N.M.P.M., SAN )  
JUAN COUNTY, NEW MEXICO. )

No. 2611

A P P L I C A T I O N

Comes now the applicant, Southwest Production Company, a co-partnership consisting of Joseph P. Driscoll and John H. Hill, and for its application alleges and states:

1. That it is the owner of numerous oil and gas leases covering portions of the West Half (W $\frac{1}{2}$ ) of Section 9, Township 30 North, Range 11 West, N.M.P.M., in San Juan County, New Mexico, and that it has drilled and completed a well in the Dakota formation in the Northwest Quarter of the Southwest Quarter (NW $\frac{1}{4}$ SW $\frac{1}{4}$ ) of Section 9.

2. That there are various parts of the West Half (W $\frac{1}{2}$ ) of the above described Section 9 that are unleased, whose owners have not agreed to join with the applicant in the drilling, completion and producing of the above described well, and, although the applicant has made a reasonable effort to obtain oil and gas leases and/or the joinder of the owners of the unleased portions of the above described proration unit, it has been unable to obtain such leases and/or the joinder of the owners of the unleased portions of said unit, and the applicant, therefore, desires that the interest of any and all of said persons be force pooled in accord with the statutes of the State of New Mexico and the rules and regulations of the Oil Conservation Commission of the State of New Mexico.

VERITY, BURR & CODLEY  
ATTORNEYS AND COUNSELORS AT LAW  
SUITE 152 PETROLEUM CENTER BUILDING  
FARMINGTON, NEW MEXICO

*Driscoll*  
*Mailes*  
*7/13/62*  
*AK*

3. That applicant desires to dedicate the Basin-Dakota production from the above described well located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  of the above described Section 9 to the entire West Half (W $\frac{1}{2}$ ) of Section 9, and that the Commission should constitute the applicant as the "Operator" of the pooled unit.

4. That applicant has undergone considerable risk in the drilling and completion of the above referred to well, and that under the statutes of the State of New Mexico and the rules and regulations of the Oil Conservation Commission applicant is entitled to, and should be allowed to take and receive 7/8ths of any and all production had from the above referenced well until such time as it has been reimbursed in an amount equal to 125% of its actual cost of drilling, completing and equipping said well, plus a reasonable compensation for the supervision of the drilling and completion thereof, and a reasonable compensation for the operation thereof.

5. That the force pooling order herein requested is necessary in order to prevent waste and in order to protect the correlative rights of the parties.

6. That a list of the interested parties in this application together with their addresses, insofar as the same are known to the applicant, is set out in Exhibit "A" attached hereto and made a part hereof.

WHEREFORE, applicant prays that this application be set down for hearing at the earliest possible date, that due notice thereof be given in accord with the rules and regulations of this Commission, and the laws of the State of New Mexico, and that after hearing, from the evidence to be adduced thereat this Commission enter its order granting the application as above stated.

Respectfully submitted,  
VERITY, BURR & COOLEY

By


  
Geo. L. Verity  
Attorneys for applicant,  
Southwest Production Company

EXHIBIT "A"

Alice Kay Crane  
Gordon N. Crane

201 South Park Avenue  
Aztec, New Mexico

Floyd Rhodes  
Maurice Rhodes

301 South Main  
Aztec, New Mexico

John R. Anderson

322 South Main  
Aztec, New Mexico

Frances L. Burdick

P. O. Box 607  
Aztec, New Mexico

Vastie Fowler

120 South Church Avenue  
Aztec, New Mexico

Eugene Stewart

P. O. Box 692  
Aztec, New Mexico

M. L. Faverino  
W. J. Faverino

302 North Main  
Aztec, New Mexico

Adah Goldenberg

P. O. Box 490  
Aztec, New Mexico

Land Development Company, Inc.

1914 San Mateo, NE  
Albuquerque, New Mexico

I. O. O. F. Lodge  
c/o E. O. Dial

P. O. Box 125  
Aztec, New Mexico

Ethel R. McKinzey

P. O. Box 357  
Aztec, New Mexico

San Juan Post #9  
c/o Ralph Brookshier

517 South Main  
Aztec, New Mexico

Creighton C. Clark, Capt.

534th A.F.N.B.N.  
APO # 800  
New York, New York

Kora Chapman  
Goldie A. Chapman

Route 3, Box 70  
Farmington, New Mexico

Thomas T. Brothers  
Oleta Brothers

P. O. Box 365  
Aztec, New Mexico

James E. Carpenter

309 S. Park Avenue  
Aztec, New Mexico

*Do not  
mail  
7/13/62  
CP*

EXHIBIT "A"

EXHIBIT "A"  
(Page 2)

James Holding, Inc.	1813 Florida, NE Albuquerque, New Mexico
Hallmac Construction Company	P. O. Box 13115 Houston, Texas
Ford C. and Elsie Webb	P. O. Box 372 Lakeside, Arizona
Board of County Commissioners	San Juan County, Aztec, New Mexico
Clyde B. Harvey	439 Camino Del Monte Sol Santa Fe, New Mexico
Frederick W. Townsend	214 S. Church Avenue Aztec, New Mexico
Katherine M. Wilson Patricia Ann Quigley Robert Gage Greenman c/o Clement Koogler	204 North Main Aztec, New Mexico
Sam I. Cooley	P. O. Box 211 Roswell, New Mexico
Frank Yockey	821 Crestview Drive Farmington, New Mexico
Jack N. Fritz	P. O. Box M Aztec, New Mexico
Frank Macaluso Thelma E. Macaluso Frank A. Macaluso Margaret A. Macaluso	1240 Laguna Avenue Farmington, New Mexico
Estate of H. F. Holser, Deceased c/o Clement Koogler	204 North Main Aztec, New Mexico
Unknown heirs and devisees of Annie Williams and W. H. Williams, Deceased	
Joseph S. Hartman Helen Hartman	313 S. Church Avenue Aztec, New Mexico
I. E. Shahan Patsy Shahan	1404 N. Mesa Verde Avenue Farmington, New Mexico

*Richard B. Mailed 7/13/62*

EXHIBIT "A"

(Page 3)

New Mexico State Highway Department

1120 Cerillos Road  
Santa Fe, New Mexico

Estate of Edward Diefel, Deceased  
c/o Johnson, Roberts & Bleumle  
Attorneys at Law

Luhrs Tower, Tenth Floor  
Phoenix 3, Arizona

EXHIBIT "A"

SOUTHWEST PRODUCTION COMPANY

3108 SCOTTLAND CENTER

DALLAS 1, TEXAS

JOSEPH P. DRISCOLL

RIVERSIDE 8-8388

JOHN H. HILL

August 22, 1962

New Mexico Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Re: Southwest's SLP-94  
Case No. 2611, Order No. R-2298,  
(Force Pooling, Sam Cooley Well,  
W/2, Sec. 9-30-N-11W, N.M.P.M.,  
San Juan County, New Mexico.

Gentlemen:

Reference is made to the above-described order of the New Mexico Oil Conservation Commission dated August 2, 1962, providing for the force pooling of all mineral interests, whatever they may be, in the Basin-Dakota gas pool in the West Half of Section 9, T-30-N, R-11-W, N.M.P.M., San Juan County, New Mexico, and the dedication of such unit to the Sam Cooley well located thereon.

Pursuant to such order, there is attached an itemized current schedule of well costs. A copy of this schedule has been sent to each known non-consenting working interest owner in the subject unit, in accordance with such order. Each person has been advised of his right to pay his share of costs in such well.

Sincerely yours,

  
Joseph P. Driscoll

JPD/a

enclosure

Certified - RRR

SOUTHWEST PRODUCTION COMPANY  
3108 Southland Center  
Dallas 1, Texas

Cost Statement  
Forced Pooling, Order No. R-2298

Lease Name:

Sam Cooley No. 1 Well (Dakota)  
W/2, Section 9-30N-11W  
San Juan County, New Mexico

Invoice No.	Description	Amount
16-62	Aspen Drilling Company, 1-11-62 Contract drilling to TD 6721'	\$35,000.00 35,000.00*
43404	Atomic Sign Service, 12-12-61 Metal well sign N.M. State Tax	12.50 .38 12.88*
30114	Industrial Supply Company, 12-29-61 WF Casing head housing 10" 5/600 x 9-5/8 Fem. w/2-2" LP O/L 2" Nord Lub plug valve 800# Bull plug, pipe nipple Studs, nuts, ring gasket Freight charges 301# @ 4.35: 67# @ 3.16 2% N.M. Sales Tax	203.98 41.58 5.03 49.86 15.21 6.31 321.97*
B0619968	Halliburton Company, 1-10-62 800 cu ft Pozmix S cement N.M. State Tax	1,948.68 38.97 1,987.65*
CS782726	Halliburton Company, 1-11-62 Cement production casing N.M. State Tax	984.40 19.69 1,004.09*
S393567	Halliburton Company, 1-10-62 4-1/2" 8R Multi stage DV cementer (2) N.M. State Tax	808.00 16.16 824.16*
Statement	F. P. Crum, Jr., 1-11-61 Set 4-1/2" casing @ 6730'; three stage cement job, one day @ \$50 2% N.M. School Tax	50.00 1.00 51.00*
16781	The Western Company, 1-24-62 Bulk frac sand and fracturing service 2% N.M. State Tax	6,743.10 134.86 6,877.96*
62-104	Mercury Well Perforating Corp., 1-24-62 Gamma Ray correlation log from 6695 to 6300' Super Dyna Jet perforate 160 holes Baker OE bridge plug, depth charge to 6620', service truck and labor charge Baker OE bridge plug, depth charge to 6520', service truck and labor charge Combination job discount 2% N.M. School Tax	No charge 1,077.20 627.80 623.80 (200.00) 42.58 2,171.38*
30134	Industrial Supply Company, 1-25-62 6803' of 4-1/2" 10.50# J-55 ST&C Range 2 8rd thd casing @ 120.74 cft Trucking from mill to Farmington 71,430# @ 80cwt Trucking from Farmington to location 71,430# @ .27cwt Hydrostatic test \$5.00 per ton on 35.60 2% N.M. Sales Tax	8,213.94 571.44 192.86 178.00 183.12 9,339.36*



Invoice No.	Description	Amount
31065	Industrial Supply Company, 2-28-62 4" x 2" Std. SMLS swage nipple 4" 3000# FS Tee 2% N.M. Sales Tax	\$ 4.55 34.34 .78 39.67*
30813	Industrial Supply Company, 2-28-62 3-7/8" OW Tricone Bit Freight charge 10# @ 4.43 2% N.M. Sales Tax	95.63 .44 1.92 97.99*
30143	Industrial Supply Company, 1-31-62 Bull plug, valve needle, straight needle, 2-PR marsh gauges, hanger tubing FIB 6" x 2-3/8" EUE, 2-3/8" EUE pin x 1-1/2" reg. box Freight charges 1480# @ 4.35 2% N.M. Sales Tax	163.29 64.38 4.55 232.22*
30141	Industrial Supply Company, 1-31-62 Valve tree cameron single string solid block btm 6" 2000# W/P w/prep F/HB w/one 2-1/16" bore master valve & 1-13/16" bore wing valve std 2" 2000# W/P top std 2" 2000# incl handwheel Rings, studs, nuts, tees, nipple 2% N.M. Sales Tax	578.00 58.21 12.72 648.93*
Statement	San Juan Engineering Company, 12-15-61 Stake location and survey elevation 2% N.M. School Tax	100.00 2.00 102.00*
917	Lohmann Oil Well Service, Inc., 1-31-62 Completion unit for the period January 22 through January 26, 1962 2% N.M. School Tax	2,896.17 57.92 2,954.09*
30140	Industrial Supply Company, 1-31-62 Slip and seal assy. Cameron 10" x 4-1/2" incl Allen wrench Spool tubing F 10" x 6" S/600 w/2-2" std 0/L Valve cameron gate F 2" x 2-1/16" 2000# WP incl handwheel @ \$261.00 R Seal assy 10" x 4-1/2" Pilot bit incl wire retainer, 2-flanges, bull plug 2% N.M. Sales Tax	247.17 361.73 522.00 84.01 63.60 25.57 1,304.08*
30133	Industrial Supply Company, 1-31-62 15-4-1/2" Clark centralizers 200' Clark scratchers 23-4-1/2" Clark cement spinners 2-4-1/2" Metal petal baskets 4-1/2" M&F Baker differential fill up collar 4-1/2" Baker slip joint cement guide shoe Kit of Baker Lok 2% N.M. Sales Tax	232.50 340.00 228.85 102.70 160.00 26.45 8.50 21.98 1,120.98*
30142	Industrial Supply Company, 1-31-62 Flange, gaskets, nipples, tees, misc. fittings 2% N.M. Sales Tax	127.55 2.55 130.10*
Statement	Bernard Smith Welding, 1-10-62 Welding scratchers, shoe, float, collars, cut off pipe 2% N.M. State Tax	35.00 .70 35.70*
565	Screw and Bolt Corporation, 1-25-62 Sale of thread protector	(48.72) (48.72)*
8416	Monarch Construction Company, 3-31-62 Move tubing from well to edge of location 1% N.M. School Tax	11.85 .12 11.97*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
4332	Panhandle Steel Products Co., 4-17-62 100 Bbl. API Flat bottom welded steel storage tank	\$ 789.00
	210 Bbl. API flat bottom welded steel storage tank	1,181.60
	1" Rolling line, 2" downcomer, tar paper, 4' API landing, 15" API stairway, 2" Enardo stack valve	267.08
	Cold weather gas production unit w/16" vertical 3-phase separator 1000# WP, w/all std. accessories and 3-phase controls mounted on 30" x 7' 170M BTU indirect heater w/2" 3000# WP split bundle coils and submerged choke, mounted on skids and piped up	4,154.19
	2-Reinforced concrete foundation blocks	40.00
	2% N.M. State Tax	128.64
		6,560.51*
4332	Panhandle Steel Products Co., 4-21-62 2" Fisher 125P hi-lo shut down valve installed on production unit	280.00
	2% N.M. State Tax	5.60
		285.60*
268	Foutz & Bursum Construction Co., Inc., 5-31-62 Clean up location and install 60' - 10" drain pipe in swamp	70.00
	2% N.M. Sales Tax	1.40
		71.40*
32125	Industrial Supply Company, 6-18-62 One drum diethylene glycol	117.78
	2% N.M. Sales Tax	2.36
		120.14*
32126	Industrial Supply Company, 6-18-62 Plug valves, nipples, tees, ells, unions, wrenches	52.63
	2% N.M. Sales Tax	1.05
		53.68*
32127	Industrial Supply Company, 6-18-62 20.9' of 2" Std. black API line pipe T&C	23.18
	2% N.M. Sales Tax	.46
		23.64*
32125	Industrial Supply Company, 6-18-62 84' of 1" Std. API line pipe	22.05
	2% N.M. Sales Tax	.44
		22.49*
32123	Industrial Supply Company, 6-18-62 Swedges, plugs, nipples, other misc. fittings	71.94
	2% N.M. Sales Tax	1.44
		73.38*
32124	Industrial Supply Company, 6-25-62 Swedges, nipples, rector seal and thinner	32.68
	2% N.M. Sales Tax	.65
		33.33*
32122	Industrial Supply Company, 6-29-62 3-2" plug valves, 2-3" plug valves w/handles	90.02
	Ball valve	16.35
	Ells, tees, unions, pipe plug	39.65
	2% N.M. Sales Tax	2.92
		148.94*
201	Ralph W. Miller, Inc., 7-3-62 Hook up separator and tanks, wrap and connect flow lines, fill separator, build steps over dike and rake down	563.02
	1% N.M. School Tax	5.38
	2% Aztec City Sales Tax	2.69
		571.09*
304	Coan, Inc., 4-30-62 Clean up location and build tank grade	313.50
	1% N.M. State Tax	3.14
		316.64*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
J 7-4	Direct salary and auto expense charges	
	Stake location and make settlement for surface damages 4 hrs @ 7.41	\$ 29.64
	Auto expense 48 mi @ 10¢	4.80
	Drilling engineer and geologist, check samples to TD well, run logs and casing 36 hrs @ 6.41	230.76
	Auto expense 96 mi @ 10¢	9.60
	Completion engineer, perforate and sand-water frac, 3 stages 89 hrs. @ 7.41	659.49
	Auto expense 264 mi @ 10¢	26.40
	Production foreman, clean well, potential test, clean up location, set production equipment 52 hrs @ 4.43	230.36
	Auto expense 96 mi @ 10¢	9.60
		2,200.65*
J 7-5	146' of 2" Tubing to tie in well head and equip- ment @ 62.55 cft	91.32
		91.32*
J 7-6	Drilling well overhead for the period December 19 through February 20, 1962 (64/30 of \$250)	533.33
		533.33*
J 7-7	Rental of drillout string January 22 through January 25, 1962, 6930'	500.00
		500.00*
J 7-8	Material Transfer, 1-20-62	
	6870' of 2-3/8" 4.70# J-55 SMLS Tubing T&C used @ 31.275 cft	2,148.59
		2,148.59*
	Estimated additional expenses of installing fence, cleaning up location and miscellaneous expenses (subject to submission of final detailed list after work has been performed.	3,500.00
		3,500.00*
	Total	<u>\$80,474.19</u>