

CASE 2700: Application of SOUTHWEST
PROD. CO. for compulsory pooling,
Basin-Dakota (W/2) San Juan County.

2700

tion, Transcript,
Exhibs. 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. 2700
Order No. R-2378

APPLICATION OF SOUTHWEST PRODUCTION
COMPANY FOR COMPULSORY POOLING, 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 November 20, 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 28th day of November, 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 underlying the W/2 of Section 3, 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 each non-consenting interest owner whose identity and address is known has been offered an opportunity to join with the applicant.
- (5) That although the applicant 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.

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CASE No. 2700
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(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 the Esther Bandy Well No. 1, located 950 feet from the South line and 1735 feet from the West line of said Section 3 and completed in the Basin-Dakota Gas Pool.

(8) That the applicant should be allowed 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 \$65.00 per month should be fixed as the reasonable 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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IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section 3, 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 Esther Bandy Well No. 1, located 950 feet from the South line and 1735 feet from the West line of said Section 3.

(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 \$65.00 per month is fixed as the reasonable 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.

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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

S E A L

esr/

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OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

S E A L

esr/

GOVERNOR
EDWIN L. MECHEM
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

November 28, 1962

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

Re: Case No. 2699 and 2700
Order No. R-2377 and K-2378
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 x

Artesia OCC

Aztec OCC x

OTHER

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

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

esr/

Case 2700

Heard. 11-20-62

Rec. 11-21-62

1. Grant SW Prod. request for forced Pooling of the w/2 sec. 3-30 N-11W.
2. Allow 125% for rent & 65% for operating costs.
3. Well costs to be filed 30 days after date of order.
4. Well dedicated to this tract is their Ester Bandy #1 950/S + 1735/W and is completed.

Thur. A. J.

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

October 29, 1962

GEO. L. VERITY
JOEL B. BURR, JR.
WM. J. COOLEY

NORMAN S. THAYER

RAY B. JONES

Case 2700

TELEPHONE 325-1702

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Re: The application of Southwest Production
Company for an order force pooling the
Basin-Dakota formation underlying the
W $\frac{1}{2}$ of Section 3, T-30-N, R-11-W, N.M.P.M.,
San Juan County, New Mexico.

Gentlemen:

Enclosed please find the above referenced force pooling application
of Southwest Production Company.

Please set this matter for hearing as soon as possible.

Very truly yours,

VERITY, BURR & COOLEY

By

Geo. L. Verity
Geo. L. Verity

GLV/kp
Encs.

DOCKET MAILED

Date _____

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 20, 1962

EXAMINER HEARING

IN THE MATTER OF:

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 the
Basin-Dakota Gas Pool underlying the W/2 of
Section 3, Township 30 North, Range 11 West,
San Juan County, New Mexico.

CASE
2700

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2700.

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

MR. VERITY: George L. Verity, for the applicant.

MR. DURRETT: Mr. Jones, you are still under oath in
this case.

JACK D. JONES

called as a witness, having been previously duly sworn, testified
as follows:

DIRECT EXAMINATION

BY MR. VERITY:

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, N. M.
PHONE 243-6691

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3171

ALBUQUERQUE, N. M.
PHONE 243 6691

Q Mr. Jones, you are the same party that testified in the previous case?

A Yes, sir.

Q I believe you testified there you were familiar with the land situation in Section 3, 30 North, 11 West, that you do represent Southwest Production Company with regard to obtaining leases?

A Yes, sir.

Q Has Southwest drilled a well into the Dakota formation in the South Half of Section 3?

A Yes, sir.

Q Has it been completed in the Dakota?

A Yes, that is the Esther Bandy No. 1 well located in the Southeast of the Southwest Quarter, 950 feet from the South line and 1735 feet from the West line.

Q Mr. Jones, have you endeavored to obtain the joinder of all parties who have not given a lease that is held by Southwest Production Company in this well?

A Yes, sir.

Q Are there parties who have not joined?

A There are parties who have not ratified the leases.

Q Have you made every reasonable effort to obtain joinder ratification of these parties or their joinder in the well?



A Yes, sir.

Q I believe that you testified in the previous case, Case 2699, with regard to risk factor. We make reference to that testimony and make the suggestion that it be entered here so we don't have to pass it again.

MR. VERITY: That's all that we have. I can repeat it.

MR. UTZ: The testimony referring to the risk factor in the previous Case 2699 will be incorporated in the record of Case 2700, by reference.

CROSS EXAMINATION

BY MR. UTZ:

Q I'm trying to locate on the map all these interest holders who have not signed up. Mr. Martin's tract is where?

A It would be in the North Half of the Southeast, Northwest Quarter. It would be over in the West Half of the West Half of that part.

Q West Half of the West Half?

A Of the Southeast, Northwest.

Q It's so small I couldn't see it.

A The Rucker parcel is just North of that.

Q That would be Note 6?

A Note 3.

Q Yes. And Wallace?



A The Wallace parcel is Note 4, which is just to the East of the other two.

Q And the Dewitt Brown?

A The Dewitt Brown shows up in the chain of title to this parcel, which is comprised of the Wright, the Notes 3, 4 and 5 parcels here merely shows in the chain of title as claiming an interest, but there's no other record of his having any interest in that parcel, and I have been unable to locate him. I can find nobody that knows him or has even heard of him in that area.

MR. UTZ: Are there other questions of the witness? First, have you been able to contact all these people?

A Well, I was unable to contact Dewitt Brown. I could not find his address. The letters to Everett Wallace and Herbert D. Wright were returned. I have been unable to locate anybody who knows of them. They show up in the 1960 Directory for the City of Aztec, but I'm unable to trace them from there. They are both listed in that Directory as being truck drivers, and I just don't have any idea where they have gone.

MR. DURRETT: Mr. Verity, does Mr. Moyer have any interest in any of the forced pooling cases?

A The next one.

MR. VERITY: 2701.

A Yes, the West Half of Section 8.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

PAGE 6

MR. UTZ: Are there any other questions of Mr. Jones?

The witness may be excused in this case.

(Witness excused.)

MR. UTZ: Any other statements in this case? The case will be taken under advisement.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 13th day of December, 1962.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the hearing of Case No. 2700, heard by Mr. [Signature] on [Signature] 1962.
[Signature], Examiner
New Mexico Oil Conservation Commission



SOUTHWEST PRODUCTION COMPANY

3108 SOUTHLAND CENTER

DALLAS 1, TEXAS

JOSEPH P. DRISCOLL

RIVERSIDE 8-8388

JOHN H. HILL

December 22, 1962

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

Re: Southwest's SWP-99
Case No. 2700, Order No. R-2378,
(Force Pooling, Esther Bandy Well,
W/2, Sec. 3-30N-11W, N.M.P.M.,
San Juan County, New Mexico

*File
Case 2700*

Gentlemen:

Reference is made to the above-described order of the New Mexico Oil Conservation Commission dated November 28, 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 3, T-30-N, R-11-W, N.M.P.M., San Juan County, New Mexico, and the dedication of such unit to the Esther Bandy 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
Joseph P. Driscoll

JPD/a

enclosure

Certified Mail
Return Receipt Requested

SOUTHWEST PRODUCTION COMPANY

3108 SOUTHLAND CENTER
DALLAS 1, TEXAS

JOSEPH P. DRISCOLL

RIVERSIDE 8-8388

JOHN H. HILL

December 22, 1962

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

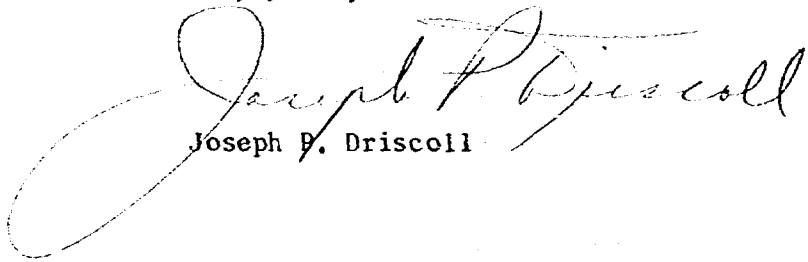
Re: Southwest's SWP-99
Case No. 2700, Order No. R-2378,
(Force Pooling, Esther Bandy Well,
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Gentlemen:

Reference is made to the above-described order of the New Mexico Oil Conservation Commission dated November 28, 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 3, T-30-N, R-11-W, N.M.P.M., San Juan County, New Mexico, and the dedication of such unit to the Esther Bandy 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 Mail
Return Receipt Requested

*File
Case 2700*

SOUTHWEST PRODUCTION COMPANY
3108 Southland Center
Dallas 1, Texas
Forced Pooling, Order No. R-2378

WELL COSTS

Lease Name:

Esther Bandy No. 1 Well (DK)
W/2, Section 3-30N-11W
San Juan County, New Mexico

<u>Invoice</u> <u>No.</u>	<u>Description</u>	<u>Amount</u>
Statement	San Juan Engineering Co., 3-2-62 Stake location and survey elevation New Mexico School Tax	\$ 100.00 2.00 102.00*
66-62	Aspen Drilling Co., 3-5-62 Contract drilling to 6860'	35,000.00 35,000.00*
7860	Ray Atchison Const. Co., 4-26-62 Build tank pad & clean up top of location 1% New Mexico State Tax	72.00 .72 72.72*
8187	Ray Atchison Const. Co., 8-17-62 Clean up location 1% New Mexico State Tax	291.00 2.91 293.91*
43543	Atomic Sign Service, 2-17-62 Metal well sign New Mexico State Tax	12.50 .38 12.88*
2122	Beasley's Hot Shot Service, 3-12-62 Welding, 2½ hrs. @7.50 2% New Mexico State Tax	18.75 .38 19.13*
2120	Beasley's Hot Shot Service, 3-12-62 Welding, 3 hrs. @7.50 2% New Mexico State Tax	22.50 .45 22.95*
2125	Beasley's Hot Shot Service, 3-14-62 Welding, 3½ hrs. @7.50 2% New Mexico State Tax	26.25 .53 26.78*
2130	Beasley's Hot Shot Service, 3-15-62 Welding, 2 hrs. @7.50 2% New Mexico State Tax	15.00 .30 15.30*
949	Bowen Trucking Co., 3-19-62 Haul tubing, 3½ hrs. @9.90, 4 hrs. @2.00 2% New Mexico State Tax	42.65 .85 43.50*
57899	The Dia-Log Co., 3-12-62 Ran Dia-Log string shot and backed off tubing at 2325' New Mexico State Tax	305.00 6.10 311.10*
57978	The Dia-Log Co., 3-14-62 Ran Dia-log string shot and backed off tubing at 6580' New Mexico State Tax	375.00 7.50 382.50*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
32-203	El Paso Natural Gas Co., 4-10-62 Rental of tap, 23 days @3.00	\$ 69.00 69.00*
0-1112	E. L. Farmer & Co., 2-28-62 Haul joints & casing, 117.760# @.79	930.30 930.30*
CS 782177	Halliburton Company, 2-9-62 Pumping cementing to depth of 6859' New Mexico State Tax	544.00 10.88 554.88*
S 393009	Halliburton Company, 2-26-62 Multi stage D.V. cementer W/3-stage con- version kit New Mexico State Tax	886.00 17.72 903.72*
BC	Halliburton Company, 3-5-62 870 sks. Pozmix-S cement 94 lbs. Halad-9 mixed cement 2500 lbs. regular Gilsonite Mileage, 65,910 wt., 494.33 ton miles @.16 Service charge New Mexico State Tax	1,034.45 141.00 125.00 79.09 255.50 32.70 1,667.74*
CS 782606	Halliburton Company, 3-5-62 Cementing production string to 6860' New Mexico State Tax	948.20 18.96 967.16*
BC 607489	Halliburton Company, 3-10-62 20-40 bulk fracturing sand, 400 sks. 40-60 bulk fracturing sand, 400 sks. 136 sks. calcium chloride Mileage charge, 756.60 ton miles @.16 New Mexico State Tax	772.00 772.00 1,054.00 121.06 54.38 2,773.44*
FS 208630	Halliburton Company, 3-10-62 Water fracturing to 6785' New Mexico State Tax	4,253.10 85.06 4,338.16*
CS 782301	Halliburton Company, 3-14-62 Test casing & acidize New Mexico State Tax	829.00 16.58 845.58*
T 193188	Halliburton Company, 3-14-62 Acid testing New Mexico State Tax	358.00 7.16 365.16*
T 193189	Halliburton Company, 3-20-62 Rental on tool left in hole, 12 mos. @80.00 New Mexico State Tax	960.00 19.20 979.20*
1398	Hot Shot Service, 3-16-62 Hauling miscel. equipment, 2 hrs. @7.50 2% New Mexico State Tax	15.00 .30 15.30*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
62184	Industrial Supply Co., 2-28-62 6860' 5 1/2" 17 1/2 J-55 BRTR-2 API CF&I casing ST/C 211 pcs 184.14 cft 2 1/2 New Mexico State Tax	\$ 12,632.32 252.65 12,884.97*
T 31565	Industrial Supply Co., 3-19-62 30 steel posts, 2 rls barb wire New Mexico Sales Tax	75.64 1.51 77.15*
T 31092	Industrial Supply Co., 3-5-62 2 5 1/2" 343 Baker metal petal baskets 1 5 1/2" OD Baker metal petal basket W/stop ring 1 5 1/2" OD 8RD Larkin filrite float collar 1 5 1/2" OD S.J. Larkin cement guide shoe 1 PKY Larkin joint LOC compound 25 5 1/2" Clark spin-o-liter 17 5 1/2" Clark centralizers 40 5' sections Clark scratchers New Mexico Sales Tax	113.30 56.65 99.20 29.75 5.50 260.00 340.00 276.25 23.61 1,204.26*
T 31551	Industrial Supply Co., 3-7-62 Cameron CA slip & seal assy #8721-1 Allen wrench incl. #15122-3 "R" seal assy. Tubing head spool, studed outlets #1523 bit pilot Retainer wire, valve cameron gate(2) #19522-2 handwheel incl. #8200-1 comp. flange 1 bull plug, 4 steel ring gaskets New Mexico State Tax	247.17 84.01 552.30 27.77 522.00 25.76 18.51 29.55 1,507.07*
T 31552	Industrial Supply Co., 3-30-62 Studs, nuts, nipples, tee fems, steel ring gaskets, hex nuts, valve tree Cameron, W/solid blk. bottom, master valve, bore wing valve, handwheel New Mexico Sales Tax	627.77 12.56 640.33*
T 31076	Industrial Supply Co., 3-30-62 #12800 Cameron WF casinghead W/female housing Studs, hex nuts, steel ring gasket, plug valve, nipple, small bull plug Frt. chg. on 301# @4.35, 64# @3.11 New Mexico Sales Tax	203.98 96.47 15.08 6.01 321.54*
T 31553	Industrial Supply Co., 3-30-62 Misc. fittings New Mexico Sales Tax	127.55 2.55 130.10*
T 31554	Industrial Supply Co., 3-30-62 Misc. fittings Frt. chg. on 1480# @4.35 New Mexico Sales Tax	139.84 64.38 4.08 208.30*

WELL COSTS
Esther Bandy No. 1 Well (DK)

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<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
T 30836	Industrial Supply Co., 3-30-62 1 4½" OW tricone, #17157 Frt. 16# @4.43 CWT New Mexico Sales Tax	\$ 100.41 .71 2.02 103.14*
T 31566	Industrial Supply Co., 3-30-62 6810' 9" lord reg 2.75# JCW-50 steel tubing W/j-55 Bev. couplings, 207 jts. @43.46CFT Frt. from mill, 18,730 lbs. @1.93 CWT New Mexico Sales Tax	2,959.95 361.49 66.43 3,387.87*
T 32653	Industrial Supply Co., 6-25-62 Unions, pipe plugs, wesco unions, 1 qt. Rector seal #1 thread compound New Mexico Sales Tax	20.19 .40 20.59*
T 32667	Industrial Supply Co., 6-25-62 ½ bbl. 260# Diethylene Glycol New Mexico Sales Tax	58.89 1.18 60.07*
T 32652	Industrial Supply Co., 6-25-62 Bull plugs, nipples, eils, tees, unions New Mexico Sales Tax	44.22 .88 45.10*
T 32751	Industrial Supply Co., 6-29-62 Nipples, valves, plug valves, wrench, wrench and locking device, pipe plugs New Mexico Sales Tax	72.96 1.46 74.42*
T 32660	Industrial Supply Co., 6-29-62 8 7' steel T posts 1 roll fence wire New Mexico Sales Tax	14.00 15.49 .59 30.08*
958	Lohmann Oil Well Service, Inc., 3-28-62 Completion unit, 3-8-62 through 3-19-62 New Mexico School Tax	8,116.20 162.32 8,278.52*
958	Lohmann Oil Well Service, Inc., 3-31-62 Set out rig and haul tubing to yard	112.46 112.46*
N 1355	M & H Trucking, Inc., 3-13-62 Haul frac water New Mexico State Tax	301.00 6.02 307.02*
J 7-5	Material Transfer, 6-10-62 68 joints: used 10 joints to tie in well- head & prod. equipment (leaves 58 joints)	45.05 45.05*
J 7-7	Material Transfer, 3-6-62 Rental of drill out string	500.00 500.00*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
105	Ralph W. Miller, 3-29-62 Fencing reserve pit, connecting joint for test line 1% New Mexico School Tax	\$ 87.60 .88 88.48*
200	Ralph W. Miller, 7-3-62 Hook up separator and tank 1% New Mexico School Tax	210.00 2.10 212.10*
A 14826	Pan Geo Atlas Corp., 3-9-62 Perforate: 56 holes, 6771' to 6785'; 72 holes, 6662' to 6680'; 40 holes, 6578' to 6588' $\frac{1}{2}$ Service Charge Wire line service: Depth charge 6648' $\frac{1}{2}$ Service Charge New Mexico State Tax	1,061.80 75.00 545.92 75.00 17.58 1,775.30*
4381	Panhandle Steel Products Co., 4-30-62 210 bbl. API flat bottom welded steel tank, w/rolling line & 2" downcomer in- stalled, set of tar paper, single tank landing, API stairway for 15' tank, 2" Enardo #920-SO stack valve; Cold weather gas production unit w/3-phase separator & controls mtd. on 170,000 BTU indirect heater, w/split bundle coil & submerged choke, all mtd. on skids and piped up. Reinforced concrete foundation blocks 2" Fisher Hi-low shut down assy. installed 2% New Mexico Tax	5,600.45 40.00 280.00 118.41 6,038.86*
575	Screw & Bolt Corp. of America, 3-7-62 Refund on thread protector	(61.08) (61.08)*
318	Western Oil Tools, 3-19-62 Equipment rental New Mexico State Tax	797.37 15.95 813.32*
317	Western Oil Tools, 3-12-62 Equipment rental 2% New Mexico State Tax	519.50 10.39 529.89*
J 10-4	District Salary & Automobile Expense Charges Stake location & survey elevation, 4 hrs. @7.41 Auto expense on 52 mi. @.10 Drilling Engineer & Geologist, 36 hrs. @6.41 Auto expense on 130 mi. @.10 Completion Engineer, 112 hrs. @7.41 Auto expense on 364 mi. @.10 Production foreman, 52 hrs. @4.43 Auto expense on 104 mi. @.10	29.64 5.20 230.76 13.00 829.92 36.40 230.36 10.40 1,385.68*

WELL COSTS
Esther Bandy No. 1 Well (DK)

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<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
J 12-5	Drilling well overhead for the period of 3-7-62 through 5-7-62 (62/30 or \$250.	\$ 516.66 516.66*
J 12-6	Estimated additional expense of cleaning up location and miscl. expense (subject to sub- mission of final detailed list after work has been performed)	1,000.00 1,000.00
	Total	<u>\$ 92,949.66</u>

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF:

THE APPLICATION OF SOUTHWEST)
PRODUCTION COMPANY FOR AN ORDER)
FORCE POOLING THE BASIN-DAKOTA)
FORMATION UNDERLYING THE WEST)
HALF (W $\frac{1}{2}$) OF SECTION 3, TOWNSHIP)
30 NORTH, RANGE 11 WEST, SAN)
JUAN COUNTY, NEW MEXICO.)

No. 2700

POOLING APPLICATION

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 oil and gas leases covering portions of the West Half (W $\frac{1}{2}$) of Section 3, 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 West Half (W $\frac{1}{2}$) of said Section 3, 950 feet from the South line and 1735 feet from the West line.

2. That there are various parts of the West Half (W $\frac{1}{2}$) of the above described Section 3 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.

3. That applicant desires to dedicate the Basin-Dakota

production from the above described well located in the above described Section 3 to the entire West Half (W $\frac{1}{2}$) of Section 3, 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 on 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

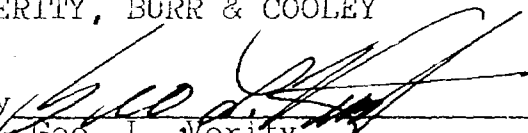

Geo. L. Verity
Attorneys for applicant
Southwest Production Company

EXHIBIT "A"

✓ Alton K. Brown	La Plata, New Mexico
J. G. Brown	Durango Highway Aztec, New Mexico
✓ W. S. Martin ✓ Sally Martin	Route 1, Box 11-A Aztec, New Mexico
✓ Frank M. Rucker	Route 1, Box 10 Aztec, New Mexico
✓ Everett Wallace ✓ Myrtle F. Wallace	Aztec, New Mexico
DeWitt Brown	Unknown
✓ Herbert D. Wright ✓ Barbara Jane Wright	Aztec, New Mexico

*Order R-2378
mailed 11/28/62
JR*

CASE 2701: Application of SOUTHWEST
PROD. CO. for compulsory pooling,
Basin-Dakota (W/2 of Section 8).

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. 2701
Order No. R-2381

APPLICATION OF SOUTHWEST PRODUCTION
COMPANY FOR COMPULSORY POOLING, 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 November 20, 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 28th day of November, 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 underlying the W/2 of Section 8, 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 each non-consenting interest owner whose identity and address is known has been offered an opportunity to join with the applicant.

(5) That portions of the W/2 of Section 8, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, are presently involved in litigation and the applicant is unable to determine the true ownership thereof.

(6) That although the applicant 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.

(7) 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.

(8) That the applicant proposes to dedicate the subject proration unit to the Glenn Swire Well No. 1, located 790 feet from the South line and 1850 feet from the West line of said Section 8 and completed in the Basin-Dakota Gas Pool.

(9) That the applicant should be allowed 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.

(10) That \$65.00 per month should be fixed as the reasonable 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.

(11) 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.

(12) That any non-consenting working interest owner not presently involved in litigation to determine his interest in the W/2 of said Section 8 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.

(13) That, in lieu of paying his share of costs out of production, any non-consenting working interest owner presently involved in litigation to determine his interest in the W/2 of said Section 8 should be afforded the opportunity to pay his share of well costs within 30 days from the date his interest is finally determined by the courts.

(14) That any non-consenting working interest owner not presently involved in litigation to determine his interest in the W/2 of said Section 8 and 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.

(15) That any non-consenting working interest owner presently involved in litigation to determine his interest in

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CASE No. 2701

Order No. R-2381

the W/2 of said Section 8 not electing to pay his share of well costs within 30 days from the date his interest is finally determined by the courts 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.

(16) 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.

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

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section 8, 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 Glenn Swire Well No. 1, located 790 feet from the South line and 1850 feet from the West line of said Section 8.

(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 \$65.00 per month is fixed as the reasonable 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.

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CASE No. 2701
Order No. R-2381

(8) That any non-consenting working interest owner not involved in litigation to determine his interest in the W/2 of said Section 8 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 any non-consenting working interest owner presently involved in litigation to determine his interest in the W/2 of said Section 8 shall have the right to pay his share of well costs to Southwest Production Company within 30 days from the date his interest is finally determined by the courts, 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.

(10) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow 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.

(11) 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

S E A L

esr/