

CASE 2709: Application of SOUTH-
WEST PRODUCTION COMPANY FOR FORCE
POOLING - SAN JUAN COUNTY, N.M.

Conf. to
Nov. 26 A

2709

Manuscript, Transcript,
C. H. B. 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. 2709
Order No. R-2382

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 26, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 November, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

IT IS ORDERED:

- (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 N/2 of Section 25, Township 30 North, Range 12 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 there remain non-consenting interest owners in the subject proration unit who have not pooled their interests.
- (6) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each

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CASE No. 2709
Order No. R-2382

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 Ruby Corscott Well No. 1, located 790 feet from the North line and 1850 feet from the West line of said Section 25.

(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.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the N/2 of Section 25,

Township 30 North, Range 12 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 Ruby Corscott Well No. 1, located 790 feet from the North line and 1850 feet from the West line of said Section 25.

(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.

(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 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 within 90 days from the date of this order.

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CASE No. 2709
Order No. R-2382

(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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

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

S E A L

esr/

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. 2709
Order No. R-2382

APPLICATION OF SOUTHWEST PRODUCTION
COMPANY FOR COMPULSORY POOLING, SAN
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ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 26, 1962, at Santa Fe, New Mexico, before Daniel S. Mutter, 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 November, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Mutter, 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 N/2 of Section 25, Township 30 North, Range 12 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 there remain non-consenting interest owners in the subject proration unit who have not pooled their interests.

(6) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each

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CASE No. 2709
Order No. R-2382

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 Ruby Corscott Well No. 1, located 790 feet from the North line and 1850 feet from the West line of said Section 25.

(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.

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(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.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the N/2 of Section 25,

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CASE No. 2709
Order No. R-2382

Township 30 North, Range 12 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 Ruby Corscott Well No. 1, located 790 feet from the North line and 1850 feet from the West line of said Section 25.

(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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(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 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 within 90 days from the date of this order.

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CASE No. 2709

Order No. R-2382

(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.

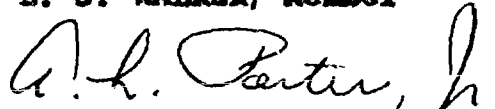
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



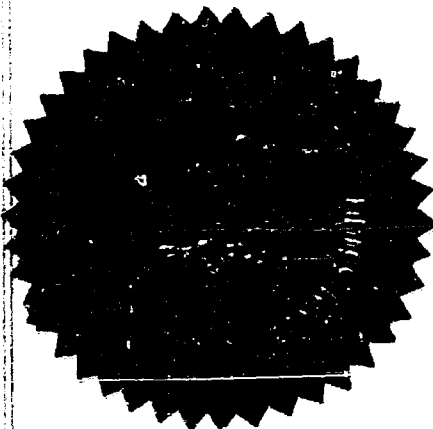
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



est/

State of New Mexico
Oil Conservation Commission

P. O. BOX 871
SANTA FE

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

SOUTHWEST PRODUCTION COMPANY

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

A. L. Porter, Jr.

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Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCCAutos OCC x

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 11/27/62

CASE 2709

Hearing Date 9am 11/26/62
DSN @ SF

My recommendations for an order in the above numbered cases are as follows:

Enter an order for pooling
all mineral interests in the
Baker-Dark Gas Pool underlying
N¹/₂ 25, 30N, 12W San Juan
Co, N. Mex.

Fix the risk factor for payment
out of prod. at 25% and the
monthly operating cost at \$65.

This is in line with consider-
able evidence which is on
file with the Commission
as a reasonable charge
for supervision & operation

Sam Muen

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

November 8, 1962

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

Case 2709
TELEPHONE 325-1702

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

Re: Application of Southwest Production
Company for force pooling order re
the N $\frac{1}{4}$ of Section 25, T-30-N. R-12-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 11-16-62 *h*

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 NORTH)
HALF (N $\frac{1}{2}$) OF SECTION 25, TOWNSHIP)
30 NORTH, RANGE 12 WEST, SAN)
JUAN COUNTY, NEW MEXICO.)

No. 2709

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 North Half (N $\frac{1}{2}$) of Section 25, Township 30 North, Range 12 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 Northeast Quarter of the Northwest Quarter (NE $\frac{1}{4}$ NW $\frac{1}{4}$) of said Section 25, 790 feet from the North line and 1850 feet from the West line.

2. That there are various parts of the North Half (N $\frac{1}{2}$) of the above described Section 25 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 NE1/4 of the above described Section 25 to the entire North Half (N1/2) of said Section 25, 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"

Thomas H. Connelly
Thomas Moran

1908 Forest Avenue
Durango, Colorado

Earl A. Rogers
Nina Jo Rogers

Route No. 1 - Box 45 ✓
Rotan, Texas

Agnes J. Likins

635 Fifth Avenue
Durango, Colorado

*Copy of R-2382
mailed
11/30/62*

EXHIBIT "A"

DOCKET MAILED

Date 11-16-62
[Signature]

No. 35-62

DOCKET: EXAMINER HEARING - MONDAY - NOVEMBER 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 Daniel S. Nutter, Examiner, or
Elvis A. Utz, alternate examiner:

CASE 2709:

Geo. V. Vint
Jack Jones
and Randman
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 N/2
of Section 25, Township 30 North, Range 12 West, San Juan
County, New Mexico.

CASE 2710:

Application of Aztec Oil & Gas Company for approval of a
unit agreement, San Juan County, New Mexico. Applicant, in
the above-styled cause, seeks approval of the Aztec Totah-
Gallup Unit Agreement embracing 2246 acres, more or less,
of State, Federal and fee lands in Township 29 North, Range
13 West, San Juan County, New Mexico.

SOUTHWEST PRODUCTION COMPANY

3108 SOUTHLAND CENTER
DALLAS 1, TEXAS

JOSEPH P. DRISCOLL

RIVERSIDE 8-8388

JOHN H. HILL

December 22, 1962

*File Card
2709*

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

Re: Southwest's SWP-106
Case No. 2709, Order No. R-2382,
(Force Pooling, Ruby Corscott No. 1 Well,
N/2, Sec. 25-30N-12W, 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 November 30, 1962, providing for the force pooling of all mineral interests, whatever they may be, in the Basin-Dakota gas pool in the North Half of Section 25, T-30-N, R-12-W, N.M.P.M., San Juan County, New Mexico, and the dedication of such unit to the Ruby Corscott No. 1 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

WELL COSTS
Forced Pooling, Order No. R-2382

Lease Name:
Ruby Corscott No. 1 (DK)
N/2, Section 25-30N-12W
San Juan County, New Mexico

Invoice No.	Description	Amount
102-62	Aspen Drilling Company, 4-27-62 Contract drilling to TD 6650'	\$ 32,500.00 32,500.00*
10238	Little Tool Company, Inc., 4-16-62 Weld shoe float, collars, scratchers, and cut off pipe 2% N. M. State Tax	45.50 .91 46.41*
S520732	Halliburton Company, 4-23-62 4-1/2" 8R D.V. multi-stage cementer and bcmb type plug set N. M. State Tax	404.00 8.08 412.08*
BC62C007	Halliburton Company, 4-27-62 475 cu. ft. Pozmix's N. M. State Tax	1,307.26 26.15 1,333.41*
CS363363	Halliburton Company, 4-27-62 Cementing production casing N. M. State Tax	697.80 13.96 711.76*
FS208247	Halliburton Company, 5-1-62 Sand-acid fracing N. M. State Tax	6,147.86 122.96 6,270.82*
BC62C0019	Halliburton Company, 5-1-62 770 sacks bulk fracturing sand N. M. State Tax	1,594.90 31.90 1,626.80*
Y 600	Screw & Bolt Corporation, 5-2-62 Refund on thread protector	(15.54) (15.54)*
31592	Industrial Supply Company, 5-11-62 Cameron WF casing head housing, 10" ser. 6COx9-5/8" female with 2-2" LP outlets 2" Nordstrom lubr. plug valve Misc. fittings Freight on 301# @4.35; 30# @3.10 2% N. M. Sales Tax	203.98 41.58 54.89 14.02 6.01 320.48*
31599	Industrial Supply Company, 5-15-62 6729' of 4-1/2" 10.50# J-55 steel casing range 2 ST&C @120.74 CFT Additional testing 36.05 tons @5.00 Trucking mill to location 72,100# @.80CWT 2% N. M. Sales Tax	8,125.57 180.25 576.80 177.65 9,060.27*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
32101	Industrial Supply Company, 5-18-62 Cameron CA slip & seal assy. incl. allen wrench Seal assy. 10x4-1/2 Steel tubing F 10x4-1/2 Valve cameron type F 2x2-1/16 incl. hand- wheel Bit pilot, retainer wire, 2" flanges, ring gaskets and studs 2% N. M. Sales Tax	\$ 247.17 84.01 361.73 261.00 67.52 20.43 1,041.86*
32102	Industrial Supply Company, 5-18-62 Misc. fittings Valve tree c/w single string block btm flange 6" 2000# w/p w. prep F/HB hgr. w/1-2-1/16" bore master valve and 1-1-13/16 bore valve std. 2" 2000# incl. handwheel 2% N. M. Sales Tax	70.67 578.00 12.97 661.64*
32103	Industrial Supply Company, 5-18-62 Misc. fittings 8-Welbs 2000# W/P 2" @5.25 2-Gauges PR marsh 3000# Hgr. tub. FDB 6x2-3/8 EUE Swage 2-3/8 EUE 10x1/2 Lord Reg. Box 2% N. M. Sales Tax	65.55 42.00 49.64 62.92 23.45 4.87 248.43*
32104	Industrial Supply Company, 5-18-62 Freight on 1250# @4.35; 230# @3.10 on valve cameron 2% N. M. Sales Tax	61.51 1.23 62.74*
32106	Industrial Supply Company, 5-18-62 6468' of 1-1/2" non EUE 10rd reg. 2.75# JCW-50 steel tubing with J-55 bev. couplings @43.46 CFT Trucking mill to Farmington 17.787# @1.93 CWT Trucking Farmington to location 2% N. M. Sales Tax	2,810.99 343.29 103.38 65.15 3,322.81*
32107	Industrial Supply Company, 5-18-62 3-7/8 OW jet tricone bit Freight on 10# @4.43 2% N. M. Sales Tax	95.63 .44 1.92 97.99*
1012	Lohmann Oil Well Service, Inc., 5-23-62 Completion unit April 30 through May 3, 1962 2% N. M. School Tax	3,086.33 61.73 3,148.06*
31600	Industrial Supply Company, 5-23-62 35-5' sec. of Clark rotating scratchers @8.50 24-4-1/2" Clark cement spinners @9.95 9-4-1/2" Clark centralizers @15.50 2-4-1/2" Baker metal petal baskets @51.53 4-1/2" OD 3rd Larkin M & F Filrite collar 4-1/2" OD slip joint Larkin guide shoe Baker lock thread locking compound 2% N. M. Sales Tax	297.50 238.80 139.50 102.70 82.95 30.30 8.50 18.01 918.26*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
15920	Pan Geo Atlas Corporation, 5-1-62 Perforate 114 holes, super dyna jet Baker bridge plugs w/depth charges @ 6318' and 6320' 1% N. M. School Tax	\$ 888.40 1,106.52 19.95 2,014.87*
4511	Panhandle Steel Products Co., 5-31-62 210 Bbl. API flat bottom welded steel storage tank incl. 1" rolling line in- stalled, 2" downcomer installed, tar paper, 4" API landing, API stairway, 2" Enardo stack valve Cold weather gas production unit w/16" vertical 3-phase separator and controls for 3-phase op- eration, 1000# WP, mounted on 17CM BTU indirect heater w/2" 3000# WP split bundle coils and sub- merged choke, mounted on skids and piped up 2-Reinforced concrete foundation blocks 2% N. M. State Tax	1,446.26 4,154.19 40.00 112.81 5,753.26*
J 5-2	Material Transfer 77' of 2" tubing to tie in well head and pro- duction equipment	48.16 48.16*
J 5-3	Material Transfer Rental of drill out string for 3 days	500.00 500.00*
112-60	Aspen Drilling Company, 5-4-62 Day work April 17 and April 18, 1962 19-1/4 hrs WDP @35.42 per hr 6-1/4 hrs WODP @33.11 per hr 1% N. M. State Tax	681.84 208.31 8.90 899.05*
114-62	Aspen Drilling Company, 5-4-62 Mud for logging @3502' 2% N. M. State Tax Trucking	872.88 17.46 106.76 997.10*
32144	Industrial Supply Company, 6-18-62 Nipples, plugs, bull plugs 2% N. M. Sales Tax	81.12 1.62 82.74*
32156	Industrial Supply Company, 6-18-62 Nipples, tees, ells, unions, plugs 2% N. M. Sales Tax	38.72 .77 39.49*
32148	Industrial Supply Company, 6-29-62 21' of 1" Std. blk API line pipe T&C @26.25cft 2% N. M. Sales Tax	5.51 .11 5.62*
149-62	Aspen Drilling Company, 6-30-62 Schlumberger logging Aspen's share of cost	2,273.89 (1,156.22) 1,117.67*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
J 6-6	Direct salary and auto expense charges Stake location and make settlement for sur- face damages 4 hrs @7.41 Auto expense 42 mi @.10¢ Drilling engineer and geologist, check samples to TD well, run logs @3502' & TD, cement cas- ing 48 hrs @6.41 Auto expense, 246 mi @.10¢ Completion engineer, perforate and sand-water frac, 2 stages 72 hrs @7.41 Auto expense, 328 mi @.10¢ Production foreman, clean well, potential test, clean up location, set production equipment 52 hrs @4.43 Auto expense 164 mi @.10¢	\$ 29.64 4.20 307.68 24.60 533.52 32.80 230.36 16.40 1,179.20*
J 6-7	Drilling well overhead for the period April 14 through June 3, 1962 (51/30 of \$250.00)	425.00 425.00*
32150	Industrial Supply Company, 6-25-62 1/2 Bbl Diethylene Glycol 2% N. M. Sales Tax	60.00 1.20 61.20*
198	Ralph W. Miller, Inc., 7-3-62 Break out tubing and blow lines, move to yard 1% N. M. School Tax	29.20 .29 29.49*
199	Ralph W. Miller, Inc., 7-3-62 Dig ditches and pit. install connections ontanks and separator, thread pipe, hook up flow line, fill separator, fence pit 1% N. M. School Tax	210.00 2.10 212.10*
32146	Industrial Supply Company, 7-18-62 Plugs, unions, nipples, paint, steel posts, 2% N. M. Sales Tax	101.54 2.03 103.57*
Stmt.	San Juan Engineering Company, 4-4-62 Stake location and survey elevation N. M. School Tax	100.00 2.00 102.00*
8184	Ray L. Atchison Const. Co., 8-17-62 Clean up location 1% N. M. State Tax	219.00 2.19 221.19*
T 33607	Industrial Supply Co., 9-27-62 1 1/2" Control plugs Freight 2% New Mexico Sales Tax	21.60 .26 .44 22.30*
J 12-7	Estimated additional expense of cleaning up location & miscl. expense (subject to submission of final detailed list after work has been per- formed).	1,000.00 1,000.00*

Total

WELL COSTS
Ruby Coroscott No. 1 (DK)

Page 5.
FP Order No. R-2382

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
T 32755	Industrial Supply Co., 9-15-62 Nipples, plugs, unions	\$ (3.80) (3.80)*
T 32756	Industrial Supply Co., 9-15-62 Misc. fittings	(2.79) (2.79)
	Total	<u>\$ 76,575.63</u>

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SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 26, 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 in-
terests in the Basin-Dakota Gas Pool
underlying the N/2 of Section 25,
Township 30 North, Range 12 West, San
Juan County, New Mexico.

Case 2709

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order. The first
case this morning will be Case 2709.

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

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

(Whereupon, Applicant's Exhibit No. 1 marked for
identification.)

(Witness sworn)

JACK D. JONES

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

DIRECT EXAMINATION

BY MR. VERITY:



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Q Will you please state your name?

A Jack D. Jones.

Q Mr. Jones, what is your present occupation?

A I am an independent landman.

Q Are you employed on an independent basis by Southwest Production Company, doing land work for them in the San Juan Basin?

A Yes, sir.

Q Are you familiar with the land situation in the North Half of Section 25, Township 30 North, Range 12 West, San Juan County, New Mexico?

A Yes.

Q Does Southwest have leases in that 325 acre unit?

A Yes, sir.

Q Have they drilled and completed a well at this time?

A Yes, they have.

Q Is it completed in the Dakota?

A Yes.

Q Is there acreage that they do not have under lease in the North Half of Section 25?

A Yes.

Q Tell us, if you will please, whether or not they have made an effort either to obtain the joinder of that party along with the other parties, or obtained a lease from them?

A They have, in all instances.



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Q How much is unleased in that?

A Well, all the acreage is leased. We have force pooling in the Connelly and Moran interests which are the Northwest of the Northeast Quarter --

Q Directing your attention to Exhibit No. 1, does it show the lease situation in this 320-acre unit?

A Yes, it does.

Q I know that Tenneco owns 120 acres and Connelly and Moran 40 acres. They hold these leases. Have they joined in the drilling and completion of that well?

A Yes, they have.

Q Forty acres are owned by Thomas Connelly and Thomas Moran?

A Right.

Q And you have not been able to obtain a joinder from them?

A Yes. They have joined, but they agreed to give us good titles to these lands, and they have failed at this point to do so. We entered into an agreement with them to take assignment of the lease covering that land, and as of this date, they still have not delivered title to these lands, so that is the reason for the force pooling, is so that we can get our portion of that money back.

Q Do you show parties other than the interested parties in this application?



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A Yes.

Q And who are they?

A Agnes J. Atkins and Earl Rogers.

Q Connally and Moran contend they own a lease on the property, do they?

A Yes.

Q Where is the location of the gas well that was drilled and completed?

A It's shown on the map there. The circle with the cross in it. It will be in the Northeast of the Northwest, the footages are shown on the map in the lower right-hand portion.

Q Mr. Jones, are you familiar with the risk involved in drilling and completing a well in the Basin Dakota formation in the San Juan Basin?

A Yes, sir.

Q I believe you have testified at length with regard to research you have done on this point here before?

A Yes.

Q Tell us whether or not, in your opinion, that 25% risk factor will be a fair risk to be allowed on drilling and completing a well?

A Yes, it would.

MR. VERITY: That is all we have.

MR. NUTTER: Are there any other questions of the witness?



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MR. DURRETT: Yes, sir. I have a question or two.

CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Jones, you have contacted Connelly and Moran personally and have obtained a lease from them?

A Have obtained an assignment of the lease with the agreement that they furnish us good title to that lease, which they have not yet done.

Q Now, Rogers and Likins, have you talked to them personally or contacted them by mail?

A No. Connelly has been conducting negotiations with them for a series of quit claims which would result in validating the leases.

Q Rogers and Likins do have some type of interest that is at least contended to be included in the title; is that correct?

A I think they own the minerals.

Q Is there a law suit pending at this time?

A No. It's just that Connelly and Moran just haven't gotten the quit claims. Mr. Rogers has already delivered the quit claims as needed from him, but Connelly, for some reason, has not obtained the necessary quit claims for Likins; and as I say, this has been going on for some seven months now. Southwest would like to be able to place these lands under the mortgage and get that portion of the cost of drilling the well.

Q To your knowledge, has Likins agreed to give a quit



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claim?

A Yes.

Q She just has not done so at this time?

A Yes. Well, she actually has given a quit claim, but Mr. Connelly had her quit claim to incorrect acreage.

Q But he supposedly will give a correct deed?

A Yes.

Q Let me ask you this question. I don't believe you testified on the direct examination, and if you did I missed it, as to the reasonable cost of the operation of the well?

A Well, we -- Southwest has indicated that they will go along with the cost the Commission has set up in the past.

Q That would be what; would you say?

A I believe that is set up at \$75 a month.

Q And that would be satisfactory to you?

A Yes. We, actually, in the contract we have with Moran and Connelly, we actually provided more. We also provided for the 150% risk factor, but Southwest will go along with the way the Commission set it up in the past.

Q Thank you. I believe that is all I have.

Q (By Mr. Nutter) Mr. Jones, were Ekins and Rogers the original mineral interest owners?

A No. They were the successors in title to the persons who owned it.

Q Now, what I am driving at, are they the royalty owners



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of the tract and to the acreage in fee, or something like that?

A Yes.

Q They have, theoretically, then, they have leased to Connelly and Moran?

A That is right.

Q And Connelly and Moran have signed a lease to Southwest Production, but you just don't have the clear title?

A That's right. They haven't performed the necessary --

Q Now, this well has been drilled and completed and potentialized?

A Yes, sir. The i.p. was 2309 MCF.

Q Per day?

A Yes.

Q When was the well completed?

A On 4/27/62.

Q And it's a Dakota well?

A Yes, sir.

Q Now, has Southwest Production Company appeared before the Commission before on a force pooling case similar to this?

A Well, I believe we have several times.

Q And in these previous cases, did you actually establish the operating cost at \$75 a month as being the practical operating cost?

A Well, that was the figure you set after our six or seven hour hearing that one time. That figure could vary



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considerably out --

Q So this isn't, actually, this figure, \$75, isn't based on practical operating costs that have been determined for this well?

A No, sir.

C It is just what was determined from the hearing?

A Right.

MR. NUTTER: Are there any further questions of this witness? You may be excused.

(Witness excused.)

MR. NUTTER: Do you have an exhibit you wish to offer, Mr. Verity?

MR. VERITY: I wish to offer Exhibit No. 1 in evidence in this case.

MR. NUTTER: Without objection, Exhibit No. 1 will be entered in evidence.

(Whereupon Applicant's Exhibit No. 1 admitted in evidence.)

MR. NUTTER: Do you have anything further, Mr. Verity? Does anyone have anything to offer in this case? We will take the case under advisement.



CERTIFICATE

STATE OF NEW MEXICO)
) SS
 COUNTY OF SANTA FE)

I, BILL LANGFORD, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and the same is a true and correct record to the best of my knowledge, skill and ability.

Bill Langford

I do hereby certify that the foregoing is a complete record of the proceedings in the State of New Mexico of Case No. 2709, heard by me on 11/26, 1922.

W. J. Schmitt, Examiner
 New Mexico Oil Conservation Commission

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NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE NOVEMBER 26, 1962 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
<i>Joe Henry</i>	<i>SWP</i>	<i>Terrell</i>
Kenneth A. Swanson	<i>Adm. Oil & Gas Co.</i>	Dallas Texas
Richard S. Morgan	<i>Seth, Montgomery, Federico</i>	<i>Santa Fe</i>
Jack P. Jones	<i>& Andrews</i>	<i>Terrell</i>
	<i>SWP</i>	

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 N/2 of Section 25,
Township 30 North, Range 12 West, San Juan
County, New Mexico.

)
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) CASE 2709
)
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BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. VERITY: You referred to 2709 earlier and said it
would be called next. I believe that that case, we would like to
have it continued until the 26th. The notice was not, there was
defect in the notice and it has been reset for the 26th after
another notice. We would like for it to be continued until that
time.

MR. UTZ: Case 2709 will be continued to December 6th.

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

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 true and correct record of the proceedings in the Examiner hearing of Case No. 2209, heard by me on *Dec 20* 19 *62*.

Arthur L. J. [Signature] Examiner
New Mexico Oil Conservation Commission

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