

*Entered October 19, 1973
R. J. J.*

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. 5066
Order No. R-4641

APPLICATION OF BURLESON & HUFF
FOR A NON-STANDARD GAS PRORATION
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 19, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 11th day of October, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Burleson & Huff, seeks approval of a 160-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NE/4 of Section 29, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to be dedicated to applicant's Coll Well No. 1-A, located 1980 feet from the North line and 1980 feet from the East line of said Section 29.

(3) That applicant further seeks an order pooling all mineral interests from the surface of the ground down to and including the Yates Sand formation underlying the aforementioned unit.

(4) That applicant has the right to recomplete and has recompleted its Coll Well No. 1-A for the production of gas from the Yates Sand formation in the Jalmat Gas Pool.

(5) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(6) That approval of the non-standard proration unit will afford the applicant the opportunity to produce its just and equitable share of the gas in the pool, and will otherwise prevent waste and protect correlative rights.

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

(8) That the applicant should be designated the operator of the subject well and unit.

(9) That any non-consenting interest owner should have withheld from production his share of the reasonable costs of recompleting the well.

(10) That actual costs, \$15,559.13, should be adopted as the reasonable cost of recompletion of the well.

(11) That \$75.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject wells which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Jalmat gas pool comprising the NE/4 of Section 29, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the Burleson and Huff Coll Well No. 1-A, located 1980 feet from the North line and 1980 feet from the East line of said Section 29.

(2) That all mineral interests, whatever they may be, from the surface of the ground down to and including the Yates Sand formation underlying the NE/4 of Section 29, Township 25 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, are hereby pooled to form a non-standard 160-acre gas prorationing unit.

(3) That Burleson and Huff is hereby designated the operator of the subject well and unit.

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(4) That the actual and reasonable well costs are hereby determined to be \$15,559.13.

(5) That the operator is hereby authorized to withhold from production the pro rata share of reasonable well costs attributable to each non-consenting working interest owner.

(6) That \$75.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(7) 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.

(8) That any well cost 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.

(9) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days of the date of this order.

(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


I. R. TRUJILLO, Chairman


ALEX J. ARMIJO, Member


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

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