

CASE 2600: Application of SOUTHWEST
PROD. CO. for a force pooling order
in the BASIN DAKOTA GAS POOL.

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2600

plication, Transcript,
all Exhibits, Etc.

SOUTHWEST PRODUCTION COMPANY

3108 SOUTHLAND CENTER

1002 JUL 13 PM 1:50 DALLAS 1, TEXAS

JOSEPH P. DRISCOLL

RIVERSIDE 8-8388

July 16, 1962

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New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

In various forced pooling orders before the Commission in which Southwest Production Company has been designated the operator of the forced pooled unit in the Dakota formation, provision has been made that proceeds from production which are not disbursed shall be placed in escrow in San Juan County to be paid to the true owner upon demand and proof of ownership. The order states that the Commission shall be notified as to the name and address of the escrow agent.

Please be advised that under existing forced pooling orders Southwest intends to designate as escrow agent the Citizens Bank of Aztec which maintains offices both in Aztec and Farmington. Any proceeds from production from the forced pooled property which are not disbursed for any reason will be placed in escrow with this bank.

Sincerely yours,

Joseph P. Driscoll

JPD:mm

cc: Mr. George Verity, Jr.
cc: Mr. Jack D. Jones

Memo

From

RICHARD S. MORRIS
GENERAL COUNSEL

To Ethel

Please make a note to insert
in all Force pooling case in
which S.W. Production Co.
is operator that Citizins Bank of
Lyle is screw agent &
refer to this letter.

July 19, 1962

The Citizens Bank of Astor which maintains offices in both Astor and Farmington has been designated as the escrow agent by Southwest Production Company. Any proceeds from production from forced pooled property which are not disbursed for any reason will be placed in escrow in this bank.

See letter from Joseph P. Driscoll, Southwest Production Company, Dallas, Texas, dated July 16, 1962, and filed in Case No. 2600.

(Cases Nos. 2415, 2416, 2446, 2452, 2453, 2600, and in Nos. 2343 and 2381)

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 11, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Southwest Production Company
for a forced pooling order, San Juan County,
New Mexico. Applicant, in above-styled cause,
seeks an order for pooling all mineral interests
in the Basin Dakota Gas Pool underlying the W-2
of Section 10, Township 30 North, Range 11 West,
San Juan County, New Mexico, to be dedicated to
a well which has been completed in the NE-4
SW-4 of Section 10.

CASE NUMBER
2600

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: This Hearing will come to order. The next
case is case 2600.

MR. MORRIS: Application of Southwest Production Company
for a forced pooling order, San Juan County, New Mexico.

MR. COOLEY: James Cooley, Verity, Burr & Cooley, Farm-
ington, New Mexico, appearing on behalf of the applicant. We have
one witness to be sworn, Jack Jones. (Witness Sworn).

JACK D. JONES

called as a witness, having been first duly sworn on oath, was
examined and testified as follows:

DIRECT EXAMINATION

BY MR. COOLEY:

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



Q State your full name, please, and place of residence, please?

A Jack D. Jones, residing at 4012 Cedar Drive, Farmington, New Mexico.

Q What is your occupation, Mr. Jones?

A Independent land man.

Q Are you familiar with the Applicant in this case?

A Yes. I am retained by Southwest Production Company to perform the necessary land work in preparing their lands for drilling.

Q Are you familiar with Southwest Production Company's lease in the west half of Section 10, Township 30 North, Range 11 West, N.M.P.M.?

A Yes, sir, I am.

Q Does Southwest Production Company own all the lands in that 320-acre tract?

A All but 16½ acres.

Q Are you aware of the owner's names, the names of the owners of the acreage not owned by Southwest Production Company?

A Yes, sir.

Q Has a list of those owners been submitted to the Oil Conservation Commission in connection with this case?

A I believe so.

Q Is this list complete so far as your knowledge extends?

A Yes.

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FARMINGTON, N. M.
PHONE 325-1112

ALBUQUERQUE, N. M.
PHONE 243-6691

Q Have you attempted to contact the individuals named in Exhibit A for the Applicant herein?

A I have contacted, or attempted to contact, every person whose name appears on the list.

Q What was the nature of the contact which you had with these people?

A Well, first of all, all of this acreage is within the city limits of the City of Aztec. I hired four men, who went through the city, attempting to lease all the acreage. After that, I then personally contacted those who had not leased, who lived within the area, and those who I ascertained, to the best of my ability, their addresses and contacted them by mail.

Q What offer, if any, was made to these people?

A I offered to lease for \$25.00 an acre and a 3/16 royalty of the wells proposed in that location and included forms for them to make a gift of the minerals to the City of Aztec, if they so desired, and we proposed to increase the royalty to 25 percent to any of them who made a gift to the City. The money had to be used for recreational purposes, and that is why we did increase the royalty.

Q Now, these people that are named in Exhibit A to the application, did they either decline to accept the offer or join in a unit or either remain silent?

A They did except for three of them. They would be C. E. Cradick, who leased, Roy A. Petri, who is deceased but his wife,



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his widow, has signed a lease; and there is Charles Guy Shepard who leased to us.

Q Do you feel that the offer made to these people was a reasonable offer under the circumstances?

A Yes, I do.

Q Have you prepared a plat showing the proposed unit which the subject of this application is?

A Yes, I have. It is a very simple exhibit. It shows the 320-acre block with the location of the well thereon, with the name, the date it was spudded, the date completed, and the initial IP of the well.

(Whereupon, Applicant's Exhibit 1 was marked for identification)

Q Have you also prepared an exhibit which shows the notes and bounds and the tracts which have refused to join?

A I have here a blown-up copy of the area in which we are particularly interested, and it shows in red the lands which were the subject of this forced pooling application.

(Whereupon, Applicant's Exhibit 2 was marked for identification)

Q Will you please indicate on Exhibit Number 2 the acreage which is the subject of this application?

A The 320 acres would be the acreage shown on the right of the map, up at approximately the middle of the map. You can see the section number, you will see Section 10 up there, the southwest half of Section 10 would be the part on the right,



approximately a third of the map, and the lands colored in red are those which I have been unable to lease up to the present time.

MR. NUTTER: What is the scale here, Mr. Jones, one mile from north to south here?

A Right.

MR. NUTTER: One to 400 on both maps?

A No, one to 200 on the large one. I had it blown up twice the size, so it's one to 200.

Q (By Mr. Cooley) To the best of your knowledge, are the areas shown in red, which Applicant requests be forced pooled in this application, the grave plots except for three grave plots?

A That is accurate, but that would be over in the southeast of the northwest of Section 10. The three which would comprise a total of about .021 acres up in this blank space in here (indicating) that will comprise two hundredths of an acre of the three combined.

Q Has the well to which the west half of Section 10 is to be dedicated already been drilled by the Applicant herein?

A Yes, it was spudded on March 7, 1962, and completed on May 7, 1962, with an IP of 1797 MCF. The well has not yet been put on production.

Q In your opinion, did the Applicant in this case incur any risk in the drilling of this well?

A Yes, the usual risks were encountered with the additional risk encountered on a gypsum strata in the Dakota, which they had not heretofore encountered, and when they fracked it with the water,

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they had trouble with the gypsum absorbing the water and, as well, and the well has not, on test, been able to produce anywhere up to the ability indicated by the location of the well. It actually would have been the best of any of the wells, according to the tests run on it, and it has been far from satisfactory.

Q If the well continues to produce in its present status, would you consider this well to be a commercially productive well? How would it work with respect to the average well in the area?

A It will be among the poorer wells.

Q What affect will this have upon the group of people who are required to pay out the cost of drilling?

A Depending upon the future market for the gas and the allowable and the time situation, but it will, of course, extend the period of payout.

Q In your opinion, what do you feel would be adequate compensation to the Applicant in this case for the risk incurred in this well?

A We have pretty much settled for 25 percent as the figure, I believe. My personal views are of record.

MR. COOLEY: At this time we would like to offer Applicant's Exhibits 1 and 2 in evidence.

MR. NUTTER: There being no objection, they will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1 and 2 were admitted in evidence.)

MR. COOLEY: We have no further questions at this time.

MR. NUTTER: Are there any other questions?



MR. MORRIS: Yes.

MR. NUTTER: Mr. Morris.

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Jones, what is your position now, or the position of Southwest Production Company, with respect to city streets and public roadways?

A We have leased the streets from the City. We also have leased them from the individual lot owners. My personal view is that the statute is open to controversy and probably being set aside by the court if and when the matter is tried.

Q So, you have covered yourself by leasing in both ways?

A Yes, sir.

Q I assume you have been successful in doing that in every case, when you have not been able to get the land owner to go along?

A That's right. I haven't included the streets and alleys in these descriptions going on the basis to the middle of the street.

Q Is a railroad right-of-way running through the property, is that just a right-of-way?

A No, they have acquired that in fee, and it's leased.

Q Let's see, now, are there any waterways in this half section?

A Yes. They will show, you will notice over here, there are two running through this half section (indicating). You will notice up in the northwest of the northwest, the Animas, the lower

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Animas ditch and the septic ditch. These ditches are strictly rights-of-way; however, we acquired quit claims from these ditch companies to the land owners to clear the matter of there having been more than a right-of-way acquired.

Q Mr. Jones, you may have noticed in our recent forced pooling orders, entered by the Commission, that \$75.00 per month was affixed as the cost of operating a well. Do you feel that in this half section, with respect to this well, that \$75.00 a month would be required?

A I do not, but Southwest has assured me that they will go along with the Commission on that figure. They do not wish to contest it. I have some forced pooling actions coming up for the rest of the town, and that is it, and Southwest has indicated that they are willing to go along on the basis you have set up.

Q Including the provision that is more or less standard in our orders, that moneys will be escrowed if not actually disbursed?

A Yes. We would hope, of course, to eventually induce all these people to lease, those we can find. There are some we cannot find. We would hope to induce all we can find to eventually lease to us.

Q How long did it take you, Mr. Jones, from the time you started acquiring these leases, until the present time?

A About eight months.

Q Working fairly consistently?

A Yes. I had four men working the better of three

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months on it.

Q On this and the other cases?

A Yes, sir, on the town area.

MR. MORRIS: I believe that is all I have.

A I am of the personal opinion that I can say that is a bad deal for Southwest. I would never have done it myself, but they felt they should develop this acreage, and that's that. The actual costs at the present time are coming up somewhere in the neighborhood of about \$67.00 per acre, is what we are paying.

MR. NUTTER: Mr. Jones, where is this well located?

A The well is located 1,760 feet from the west line and 2100 feet from the south line, which would put it in the northeast of the southwest.

Q So, it would be up on this mesa?

A Yes. We put it so far away from any inhabited area so if something did happen, we wouldn't have a million dollars worth of damage for a three or four hundred thousand dollar well.

Q Does someone in the Commission own property in your direction on there, and operate it?

A Yes.

Q I don't know whether the Oil Conservation Commission owns anything there or not. You are not force pooling the Oil Conservation Commission on their property, are you?

A No. We have that land leased. We are - -

Q Alton Ray Kendrick is listed on there. Is that the same

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man who is a member of the Commission?

A Alton Kendrick in Aztec.

Q You mentioned three names during your direct testimony, Mr. Jones. Roy A. Petri, deceased, and two others?

A It would be C. E. Cradick. He is number 11 on my list.

I don't know whether your list would follow the same order or not. Well, he may have been stricken from your list. Then Roy Petri and Charles Guy Shepard.

Q He should be on the list, but those three parties, you did obtain leases from?

A Yes.

Q And the rest of the names, as on Exhibit A, are parties who have not, to the present time, leased?

A I will obtain leases from several companies, but we have not yet obtained leases.

Q Have you actually been able to make contact with all the people who own property in the west half of Section 10?

A Just recently - - I have been unable to make contact with the owners of the three grave plots.

Q You don't know where they are?

A Yes. They are buried in them.

Q I mean B. F. Carver.

A I have attempted to contact him personally and in writing, and the letters have been returned that have been sent out to him, so I have no idea where he is located, and I would naturally guess



that he would rather pay taxes rather than having to take the land.

Q On Exhibit A without an address, is that the same Carver?

A That's right.

Q Now, Mr. Jones, we sent copies of this docket to the parties who were advertised on Exhibit A, and the dockets were returned from Mr. Winston, back here, 9255 North Maddox Avenue. Were you able to contact him?

A I never got the letter back. I assume **he did**.

Q Was it sent certified mail?

A No, I sent them regular mail. It's not one which was returned.

Q We also have a docket from Abner Cunningham and leaving no address. Were you able to contact Mr. Cunningham?

A Yes. I never got that letter back either, and mine were sent out sometime ago.

Q By registered or certified mail?

A I sent all these regular.

Q Is that a common practice, or do you send some certified mail?

A When there is just a few, I do. I sent out about 300 letters, and I did not send them out - - actually, I have received only 4 letters back out of the approximately 300 that have been forwarded or sent out.

Q And they were returned as not having been delivered, returned by the post office department?

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A That's right, and none in this area. I had one returned to a Captain Cryden Clack in the Army, and the Army returned it to me as "unknown", and two others.

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

MR. COOLEY: I have re-direct, please, sir.

RE-DIRECT EXAMINATION

BY MR. COOLEY:

Q Mr. Jones, for the sake of the record, in order to clarify this application, it is, as I understand it, the application of Southwest Production Company to force pool all interests in the minerals in and under the west half of Section 10, irrespective of ownership?

A That's right. That's right; however, these exhibits and lists are those interests that are unleased in there.

Q They reflect your best efforts?

A Yes.

MR. COOLEY: That's all I have.

MR. NUTTER: Are there any further questions? If not, the witness may be excused. Mr. Cooley, do you have anything further?

MR. COOLEY: Nothing further.

MR. NUTTER: If there is nothing further, we will take the case under advisement, and this hearing is adjourned.

(Whereupon, the hearing of these cases was adjourned at 2:00 P. M.)

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STATE OF NEW MEXICO)
) SS
 COUNTY OF BERNALILLO)

I, MICHAEL RICE, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing 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.

Michael Rice
 Notary Public

My commission expires:

May 11, 1966

I do hereby certify that the foregoing is a complete record of the proceedings in the *Shirley* hearing of Case No. *2600* heard by me on *July 11, 1962*.

[Signature]
 Examiner
 New Mexico Game Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
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No. 20-62

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 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, as alternate Examiner:

- CASE 2595: Application of Humble Oil & Refining Company for approval of a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cedar Hills Unit Agreement comprising 1,440 acres of State land in Township 21 South, Range 27 East, Eddy County, New Mexico.
- CASE 2596: Application of Humble Oil & Refining Company for approval of a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its F. F. Hardison "B" Well No. 2, located in Unit A of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico, as a dual completion (conventional) in the Blinebry Oil Pool and in the Tubb Gas Pool, with the production from each zone to be through parallel strings of 1½ inch tubing.
- CASE 2597: Application of Continental Oil Company for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Hawk B-3 Well No. 21, located in Unit L of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, as a triple completion (conventional) in the Blinebry, Tubb and Drinkard Pools, with the production of oil from all zones to be through parallel strings of 2 1/16 inch tubing.
- CASE 2598: Application of W. K. Byrom for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in a 160-acre gas unit comprising the NE/4 of Section 23, Township 18 South, Range 36 East, Arkansas Junction-Queen Gas Pool, Lea County, New Mexico.
- CASE 2599: Application of James N. Evans and Dallas McCasland, d/b/a Precision Pump and Supply and McCasland Hot Oil Service, for a permit pursuant to Rule 312 to construct a plant to reclaim sediment oil near the town of Eunice, in Lea County, New Mexico.

-2-

Docket No. 20-62

CASE 2600:

Application of Southwest Production Company for a force pooling order, 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 10, Township 30 North, Range 11 West, San Juan County, New Mexico, to be dedicated to a well which has been completed in the NE/4 SW/4 of said Section 10.

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No. 20-62

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 1962

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

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-2-

Docket No. 20-62

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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. 2600
Order No. R-2289

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 July 11, 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 17th day of July, 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 in the W/2 of Section 10, 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 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.

CASE No. 2600
Order No. R-2289

(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 Mary Shepard Well No. 1, located 2100 feet from the South line and 1760 feet from the West line of said Section 10.

(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 the 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.

CASE No. 2600
Order No. R-2289

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 10, 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 Mary Shepard Well No. 1, located 2100 feet from the South line and 1760 feet from the West line of said Section 10.

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

(3) That Southwest Production Company is hereby authorized to collect 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 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.

-4-
CASE No. 2600
Order No. R-2289

(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



E. L. Mechem

EDWIN L. MECHAM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

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

BSI/

State of New Mexico
Oil Conservation Commission



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

July 17, 1962

Re: Case No. 2600
Order No. B-2289
Applicant:
SOUTHWEST PRODUCTION COMPANY

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

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

Carbon copy of order also sent to:

OTHER _____

No. 20-62

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 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, as alternate Examiner:

- CASE 2595: Application of Humble Oil & Refining Company for approval of a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cedar Hills Unit Agreement comprising 1,440 acres of State land in Township 21 South, Range 27 East, Eddy County, New Mexico.
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- CASE 2597: Application of Continental Oil Company for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Hawk B-3 Well No. 21, located in Unit L of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, as a triple completion (conventional) in the Blinebry, Tubb and Drinkard Pools, with the production of oil from all zones to be through parallel strings of 2 1/16 inch tubing.
- CASE 2598: Application of W. K. Byrom for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in a 160-acre gas unit comprising the NE/4 of Section 23, Township 18 South, Range 36 East, Arkansas Junction-Queen Gas Pool, Lea County, New Mexico.
- CASE 2599: Application of James N. Evans and Dallas McCasland, d/b/a Precision Pump and Supply and McCasland Hot Oil Service, for a permit pursuant to Rule 312 to construct a plant to reclaim sediment oil near the town of Eunice, in Lea County, New Mexico.

-2-

Docket No. 20-62

CASE 2600:

Application of Southwest Production Company for a force pooling order, 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 10, Township 30 North, Range 11 West, San Juan County, New Mexico, to be dedicated to a well which has been completed in the NE/4 SW/4 of said Section 10.

iqg/

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 UNDER-
LYING THE WEST HALF ($W\frac{1}{2}$) OF
SECTION 10, TOWNSHIP 30 NORTH,
RANGE 11 WEST, N.M.P.M., SAN
JUAN COUNTY, NEW MEXICO.

No. 2609

APPLICATION

Comes now the applicant, Southwest Production Company, a 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 10, 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 Northeast Quarter of the Southwest Quarter ($NE\frac{1}{4}SW\frac{1}{4}$) of Section 10.

2. That there are various parts of the West Half ($W\frac{1}{2}$) of the above described Section 10 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

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

State of New Mexico.

3. That applicant desires to dedicate the Basin-Dakota production from the above described well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of the above described Section 10 to the entire West Half (W $\frac{1}{2}$) of Section 10, 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"

<u>NAME</u>	<u>ADDRESS</u>
Lucy A. Hoyle	P. O. Box 693 Aztec, New Mexico
Frank J. Litt & Lafayette Current	Route # 1 Aztec, New Mexico
Henderson Bates	P. O. Box 491 Aztec, New Mexico
George P. Schneider	P. O. Box 633 Aztec, New Mexico
Bill Schneider	720 McCoy Avenue Aztec, New Mexico
Church of God of the Apostolic Faith	El Rancho Court North Mesaverde Aztec, New Mexico
A. H. Fortner	Box 182 Aztec, New Mexico
L. H. Pullis	Route #1 Bayfield, Colorado
Lulu E. Liggett	Route 2 Pierce City, Missouri
K. W. Stevenson	Route 2 Pierce City, Missouri
H. J. Bossee	Route 2 Pierce City, Missouri
Anna Ward	826 Maddox Avenue Aztec, New Mexico
Clarence A. Ward	824 Maddox Avenue Aztec, New Mexico
Thane Carver	818 Maddox Avenue Aztec, New Mexico
Hershel L. Ward	Route #2 Monette, Missouri
George M. Lawson	North McCoy Avenue Aztec, New Mexico
Louis Fayad	P. O. Box 36 Aztec, New Mexico
William B. Ditmore	
Pete Hanson	
Cora Ethel Mullens	
Charles C. McGee	

*Archie
Mailed
6/28/62
JH*

not able to locate Thane Carver

EXHIBIT "A"
(Page 2)

<u>NAME</u>	<u>ADDRESS</u>
Darwin Wayne Muller	810 North McCoy Avenue Aztec, New Mexico
Harry A. Lewis	815 Maddox Avenue Aztec, New Mexico
Troy L. Allen	Area 12 Mercury, Nevada
Winston Blakemore	825 North Maddox Avenue Aztec, New Mexico
Church of the Latter Day Saints c/o Leslie Webb, Bishop	706 Zia Street Aztec, New Mexico
Roy A. Pitre, Deceased	1009 Oak Drive Liberty, Texas
Byrl L. Thompson	802 Baird Drive Aztec, New Mexico
Russell D. Evans	806 Baird Drive Aztec, New Mexico
Clyde C. Lamar	701 El Paso Drive Farmington, New Mexico
Alvin R. Montgomery	810 Baird Avenue Aztec, New Mexico
Robert Lee, Sr.	812 Baird Avenue Aztec, New Mexico
William Robert Van Huss, Jr.	816 Baird Drive Aztec, New Mexico
Lee Abner Cunningham	822 Baird Avenue Aztec, New Mexico
Dan Simpson	704 Newton Denver, Colorado
Daniel T. Heard	c/o Santa Fe Drilling Co. of South America Fyzbad, Trinidad, West Indies
Lloyd Stone	P. O. Box 919 Aztec, New Mexico
Wade W. Townsend	918 Baird Avenue Aztec, New Mexico
Henry Daniel, Jr.	817 Baird Avenue Aztec, New Mexico

*Products
Mailed
6/28/62
JR*

EXHIBIT "A"
(Page 3)

<u>NAME</u>	<u>ADDRESS</u>
William L. Heard	811 Baird Avenue Aztec, New Mexico
Alton Ray Kendrick	809 Baird Drive Aztec, New Mexico
John M. Conder	807 Baird Drive Aztec, New Mexico
Loren B. Wells	P. O. Box 865 Aztec, New Mexico
J. J. DeWeerd	111 East Ute Farmington, New Mexico
Agnes Edgar	P. O. Box 274 Aztec, New Mexico
Walter Ealum	Cedar Hill, New Mexico
Charles F. Shriver, Jr.	402 San Juan Avenue Aztec, New Mexico
Cecil L. Wright	406 San Juan Avenue Aztec, New Mexico
E. P. Brewer	805 East Blanco Street Aztec, New Mexico
Fred L. Wegley	Las Vegas Court 1216 Grand Avenue Las Vegas, New Mexico
Glen W. Swire and Mamie Swire	418 South Church Ave. Aztec, New Mexico

*Archite
mailed
6/28/62
RL*

SOUTHWEST PRODUCTION COMPANY

3108 SOUTHLAND CENTER

DALLAS 1, TEXAS

JOSEPH P. DRISCOLL

RIVERSIDE 8-8388

JOHN H. HILL

August 9, 1962

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

Re: Southwest's SWP-100
Case No. 2600, Order No. R-2289
(Force Pooling, Mary Shepherd Well, W/2
Section 10, T-30-N, R-11-W, 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 July 17, 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 10, T-30-N, R-11-W, N.M.P.M., San Juan County, New Mexico, and the dedication of such unit to the Mary Shepherd 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 such person has been advised of his right to pay his share of costs in such well.

Sincerely yours,

Joseph P. Driscoll

JPD/L/a

enclosure

Certified Mail
Return Receipt Req.

SOUTHWEST PRODUCTION COMPANY
3108 Southland Center
Dallas 1, Texas

July 17, 1962

WELL COSTS

Mary Shepherd No. 1 (DK)
W/2, Section 10-30N-11W
San Juan County, New Mexico

Invoice No.	Description	Amount
Statement	San Juan Engineering Company, 1-11-62 Staking location and survey elevation 2% N. M. School Tax	\$ 100.00 2.00 102.00*
79-62	Aspen Drilling Company, 3-23-61 Contract drilling to TD 6894'	35,000.00 35,000.00*
43569	Atomic Sign Service, 2-24-62 Metal well sign N. M. State Tax	12.50 .38 12.88*
BC607522	Halliburton, 3-23-62 575 Cubic feet Pozmix S cement N. M. State Tax	1,654.62 33.09 1,687.71*
10067	Little Tool Company, Inc. Weld shoe plate and scratchers on 4-1/2" pipe 2% N. M. State Tax	35.00 .70 35.70*
SS20764	Halliburton Company, 3-21-62 2- 4-1/2" 8R Multi-stage D.V. cementer and 3-stage conversion kit N. M. State Tax	808.00 16.16 824.16*
CS782693	Halliburton Company, 3-23-62 Cement production casing N. M. State Tax	948.20 18.96 967.16*
18762	The Western Company, 3-27-62 5,000 Gals. acid, conversion charge and acid- master N. M. State Tax	425.00 8.50 433.50*
19243	The Western Company, 3-28-62 Water frac including sand and fracmasters N. M. Sales Tax	6,034.80 120.70 6,155.50*
1036	Jet-Technical Services, 3-29-62 Perforating 160 holes N. M. State Tax	1,610.92 32.22 1,643.14*
977	Bowen Trucking Company, 3-30-62 Haul 1-1/2" tubing from Farmington to well site 2% N. M. School Tax	94.50 1.89 96.39*
31567	Industrial Supply Company, 3-30-62 6771.51' of 4-1/2" OD 8rd J-55 10.50#4400# test F & I casing R2 ST&C @ 120.74 cft Freight from mill to location Additional test 35.5 tons @ 5.00 2% N. M. Sales Tax	8,175.92 583.03 177.50 178.73 9,115.18*
31100	Industrial Supply Company, 3-30-62 Cameron WF casing head housing w/fittings 2% N. M. Sales Tax	315.53 6.31 321.84*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
252	Coffee Welding Service, 3-31-62 Cut off 4-1/2" casing N. M. State Tax	\$ 17.50 .35 17.85*
964	Lohmann Oil Well Service, Inc., 3-31-62 Completion rig March 26 through March 31 N. M. School Tax	4,419.57 88.39 4,507.96*
8-1-4158	Dowell, 3-28-62 Squeeze service 2% N. M. Sales Tax	630.23 12.60 642.83*
42726	Baker Oil Tools, Inc., 4-11-62 Model B mechanical set cement retainer cast iron type 2% N. M. State Tax	280.00 5.60 285.60*
31579	Industrial Supply Company, 4-17-62 61.22' of 4-1/2" OD 8rd 10.5# J-55 R-2 blk. casing @ 120.74 cft Freight from mill Tally pipe @ Walker yard 2% N. M. Sales Tax	73.92 5.35 2.00 1.63 82.90*
31582	Industrial Supply Company, 4-17-62 6567' of 1-1/2" Non EUE 10rd reg. JCW-50 steel tubing w/J-55 Bev. couplings @ 43.46 cft Freight from mill 2% N. M. Sales Tax	2,854.02 348.54 64.05 3,266.61*
42982	Baker Oil Tools, Inc., 4-18-62 "O" rings, seal pistons, packing elements N. M. State Tax	267.30 5.35 272.65*
19425	The Western Company, 4-24-62 5,000 gals, Acid, conversion charge, acidmaster N. M. Sales Tax	670.00 13.40 683.40*
31577	Industrial Supply Company, 4-25-62 Miscellaneous fittings 2% N. M. Sales Tax	85.55 1.71 87.26*
31568	Industrial Supply Company, 4-25-62 Scratchers, centralizers, spinners, collar, guide shoe, metal petal baskets	1,129.65 22.59 1,152.24*
30848	Industrial Supply Company, 4-25-62 3-7/8" OW tricone bit Freight charges 2% N. M. Sales Tax	95.63 .44 1.91 97.98*
31578	Industrial Supply Company, 4-25-62 Tubing hanger, gauges, valves, plug and welds Freight charges 2% N. M. Sales Tax	181.84 64.38 3.64 249.86*
31576	Industrial Supply Company, 4-25-62 Misc. fittings Valve tree cameron single string solid block btm F/G 6" 2000# W/P W/prep F/HB hgr W/1-2-1/16" bore master valve and 1-1-13/16" bore wing valve studded 2" 2000# W/P top studded 2" 2000# W/P incl. handwheel 2% N. M. Sales Tax	49.77 578.00 12.56 640.33*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
31575	Industrial Supply Company, 4-25-62 Cameron CA slip & seal assy 10 x 4-1/2 incl. Allen wrench Spool tbg. F 10 x 6 Valve cameron gate F 2 x 2-1/16 D/F incl. handwheel Misc. fittings 2% N. M. Sales Tax	247.17 361.73 522.00 156.05 25.74 1,312.69*
31792	Industrial Supply Company, 4-25-62 1-3-7/8" OT tricone bit Freight charges 2% N. M. Sales Tax	95.63 .44 1.91 97.98*
3868	Jack D. Jones, 2-7-62 Reimbursement for surface damages on location in W/2, Section 10-30-11	500.00 500.00*
988	Lohmann Oil Well Service, Inc., 4-30-62 Swab 1-1/2" tubing 2% N. M. School Tax	152.40 3.05 155.45*
994	Lohmann Oil Well Service, Inc., 4-30-62 Third party services to move Lohmann rig	84.15 84.15*
4473	Panhandle Steel Products Co., 5-31-62 1-100 Bbl. and 1-210 Bbl API flat bottom welded steel storage tanks w/accessories Cold weather gas production unit w/16" vertical 3-phase separator 100# WP c/w accessories and controls for 3-phase operation mounted on 170,000 BTU indirect heater w/2" 3000# WP split bundle coil and submerged choke, mounted and piped up w/Fisher Hi-Lo shut down valve installed 2-Reinforced concrete foundation blocks	2,235.26 4,434.19 40.00 6,843.64*
J 5-2	Material Transfer 159' of 2" tubing to tie in well head and equipment	99.47 99.47*
J 5-3	Rental of 6725' of 2" tubing for drill out string for four days	500.00 500.00*
J 5-4	Direct salary and auto expense charges Stake well location and survey elevation and make settlement for surface damages 4 hrs. @ 7.41 Auto expense on 56 mi @ 10¢ Drilling engineer and geologist, check samples to TD of well, run log and casing 3-stages 48 hrs @ 6.41 Auto expense on 168 mi @ 10¢ Completion engineer, perf. lower zone 6846-58', test and squeeze off perfs., perf & SWF in 2 stages, acidize w/1,200 gals 140 hrs @ 7.41 Auto expense on 476 mi @ 10¢ Production foreman, clean well, potential test, clean up location & set production equipment 52 hrs. @ 4.43 Auto expense on 112 mi @ 10¢	29.64 5.60 307.68 16.80 1,037.40 47.60 230.36 11.20 1,686.28*
J 5-5	Drilling well overhead for the period March 7 through May 7, 1962 (62/30 of \$250)	516.66 516.66*
32137	Industrial Supply Company, 6-18-62 Misc. fittings N. M. Sales Tax	80.44 1.61 82.05*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
32138	Industrial Supply Company, 6-18-62 Misc. fittings N. M. Sales Tax	135.68 2.71 138.39*
32140	Industrial Supply Company, 6-25-62 260# Diethylene Glycol 2% N. M. Sales Tax	60.00 1.20 61.20*
203	Ralph W. Miller, Inc., 7-3-62 Hook up battery, dig and bury lines, dress out vessels, build steps for tank grade, take and clean up 1% N. M. School Tax 1/2% Aztec City Sales Tax	379.15 3.79 1.90 384.84*
8018	Ray L. Atchison Const. Co., Inc., 6-19-62 Clean up location and build tank firewalls 18 hrs. @ \$12.00 per hr. 1% State Tax	216.00 2.16 218.16*
32139	Industrial Supply Company, 7-20-62 Misc. fittings 2% N. M. Sales Tax	33.01 .66 33.67*
32140	Industrial Supply Company, 6-18-62 3 JTS. 1" Std. Blk. API Pipe T&C 1 Jt. 3" Std. Blk. API Pipe T&C 2% N. M. Sales Tax	16.54 23.30 .80 40.64*
	Estimated additional expenses of installing fence, cleaning up location, hook-up of well, and miscellaneous expenses (subject to sub- mission of final detailed list after work has been performed)	2,500.00 2,500.00*
	Total	<u>\$83,637.90</u>

File 2600

VERITY, BURR & COOLEY

ATTORNEYS AND COUNSELORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

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

1962 JUN 12 PM 1:29 June 21, 1962

TELEPHONE 325-1702

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: Our File No. 1320-L-11

Gentlemen:

Enclosed are original and two carbon copies of the Application of Southwest Production Company for an order force pooling the $W\frac{1}{2}$ of Section 10, T-30-N, R-11-W, N.M.P.M., San Juan County, New Mexico.

Will you please set this Application for hearing at the earliest possible date?

Very truly yours,

VERITY, BURR & COOLEY

By

[Signature]
Geo. L. Verity

GLV/kp
Enclosures

*Rechecked
mailed
6/28/62
[Signature]*

No. 20-62

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 1962

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

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Agreement comprising 1,440 acres of State land in Township
21 South, Range 27 East, Eddy County, New Mexico.

CASE 2596: Application of Humble Oil & Refining Company for approval of
a dual completion, Lea County, New Mexico. Applicant, in
the above-styled cause, seeks permission to complete its F.
F. Hardison "B" Well No. 2, located in Unit A of Section 34,
Township 21 South, Range 37 East, Lea County, New Mexico, as
a dual completion (conventional) in the Blinebry Oil Pool
and in the Tubb Gas Pool, with the production from each zone
to be through parallel strings of 1½ inch tubing.

CASE 2597: Application of Continental Oil Company for a triple completion,
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-2-

Docket No. 20-62

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Application of Southwest Production Company for a force pooling order, 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 10, Township 30 North, Range 11 West, San Juan County, New Mexico, to be dedicated to a well which has been completed in the NE/4 SW/4 of said Section 10.

199/