

Utz

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2701
Order No. R-2381

APPLICATION OF SOUTHWEST PRODUCTION
COMPANY FOR COMPULSORY POOLING, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 20, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 28th day of November, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Southwest Production Company, seeks an order pooling all mineral interests in the Basin-Dakota Gas Pool underlying the W/2 of Section 8, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.
- (3) That the applicant has made diligent effort to identify and to locate all owners of interest in the proposed proration unit.
- (4) That each non-consenting interest owner whose identity and address is known has been offered an opportunity to join with the applicant.
- (5) That portions of the W/2 of Section 8, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, are presently involved in litigation and the applicant is unable to determine the true ownership thereof.
- (6) That although the applicant has been diligent in its efforts to form the proposed proration unit, there remain non-consenting interest owners in the subject proration unit who have not agreed to the pooling of their interests.

STATE OF NEW YORK
IN SENATE

COMMISSIONERS OF THE LAND OFFICE
ALBANY, N. Y.

OFFICE OF THE COMMISSIONERS
OF THE LAND OFFICE

STATE OF NEW YORK
IN SENATE

REPORT OF THE COMMISSIONERS

OF THE LAND OFFICE

IN RESPONSE TO A RESOLUTION PASSED BY THE SENATE
ON APRIL 10, 1933, AS AMENDED, RELATIVE TO THE
LANDS BELONGING TO THE STATE OF NEW YORK
AND THE PROCEEDINGS THEREON.

FOR THE YEAR ENDING DECEMBER 31, 1933.
ALBANY, N. Y., JANUARY 1, 1934.

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- (1) That the public lands having been given to the State, the Commission has jurisdiction of such lands and the same shall be managed as follows:
- (2) That the applicant, Northwest Petroleum Company, in order to obtain all mineral interests in the lands described in the application, has been required to pay to the State the sum of \$100,000, as provided in section 8, paragraph 3 of article 17 of the Constitution of the State of New York.
- (3) That the applicant has made diligent effort to identify and to locate all owners of interests in the proposed production unit and to locate all owners of interests in the proposed production unit.
- (4) That each non-connecting interest owner whose name and address is known has been offered an opportunity to purchase the production unit.
- (5) That portions of the NW 1/4 of section 8, township 33 north, range 11 west, T13N, R11W, as provided in paragraph 3 of article 17 of the Constitution of the State of New York, are presently owned in fee simple by the applicant and the applicant is unable to determine the names of the owners of the same.
- (6) That although the applicant has been diligent in its efforts to form the proposed production unit, there remains a non-connecting interest owner in the proposed production unit who has refused to purchase the same.

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

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

(9) That the applicant should be allowed to withhold the proceeds from production attributable to each non-consenting working interest until such time as each interest's share of the costs of said well has been recovered, plus 25 percent thereof as a charge for the risk involved in the drilling of the well.

(10) That \$65.00 per month should be fixed as the reasonable cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production.

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

(12) That any non-consenting working interest owner not presently involved in litigation to determine his interest in the W/2 of said Section 8 should be afforded the opportunity to pay his share of well costs within 30 days from the date the schedule of well costs is furnished him by the applicant in lieu of paying his share of costs out of production.

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

(14) That any non-consenting working interest owner not presently involved in litigation to determine his interest in the W/2 of said Section 8 and not electing to pay his share of well costs within 30 days from the date said schedule is furnished him should have his share of the well costs withheld from production plus 25 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

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

(10) It is to be noted that the drilling of the well was completed on 11/10/1955. The well is located in the East-Gabon area and the subject application should be approved by paying all mineral royalties, etc., which may be within said well.

(11) The application should be approved on the condition that the applicant should pay to the Government of Gabon the amount of 100,000 francs (one hundred thousand francs) as a contribution to the drilling of the well.

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(18) The application should be approved on the condition that the applicant should pay to the Government of Gabon the amount of 100,000 francs (one hundred thousand francs) as a contribution to the drilling of the well.

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the W/2 of said Section 8 not electing to pay his share of well costs within 30 days from the date his interest is finally determined by the courts should have his share of the well costs withheld from production plus 25 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

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

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

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Basin-Dakota Gas Pool underlying the W/2 of Section 8, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit. Said unit shall be dedicated to the Glenn Swire Well No. 1, located 790 feet from the South line and 1850 feet from the West line of said Section 8.

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

(3) That Southwest Production Company is hereby authorized to withhold the proceeds from production attributable to each non-consenting working interest until such time as each interest's share of well costs has been recovered, plus 25 percent thereof as a charge for the risk involved in the drilling of the well.

(4) That \$65.00 per month is fixed as the reasonable cost of operating the subject well, and Southwest Production Company is hereby authorized to withhold from production the proportionate share of such cost attributable to each non-consenting working interest.

(5) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(6) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

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

...not entitled to pay his share of the ...
...the date his interest is finally ...
...the date of the well completion ...
...as a reasonable ...
...the drilling of the well.

- (1) That all proceeds from production from the subject well shall be paid to the operator of the subject well and unit, to be held in trust for the benefit of the other parties to the agreement.
- (2) That the operator of the subject well and unit shall be responsible for the payment of the operating expenses of the well and unit.

ARTICLE IV

1. That all mineral interests, whether they may be in the ...
...the ...
...and ...
...the ...
...of said section 2.

(3) That the operator of the subject well and unit shall be responsible for the payment of the operating expenses of the well and unit.

(4) That the operator of the subject well and unit shall be responsible for the payment of the operating expenses of the well and unit.

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(8) That any non-consenting working interest owner not involved in litigation to determine his interest in the W/2 of said Section 8 shall have the right to pay his share of well costs to Southwest Production Company within 30 days from the date the schedule of well costs is furnished him by Southwest Production Company, in lieu of paying his share of well costs out of production. In the event any such owner elects to pay his share of well costs as provided for in this paragraph, he shall remain liable for operating costs but shall not be liable for risk charges.

(9) That any non-consenting working interest owner presently involved in litigation to determine his interest in the W/2 of said Section 8 shall have the right to pay his share of well costs to Southwest Production Company within 30 days from the date his interest is finally determined by the courts, in lieu of paying his share of well costs out of production. In the event any such owner elects to pay his share of well costs as provided for in this paragraph, he shall remain liable for operating costs but shall not be liable for risk charges.

(10) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership. The Commission shall be notified as to the name and address of said escrow agent.

(11) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

S E A L

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

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(9) That any non-owning working interest owner who has an obligation to pay for his share of the cost of production shall have the right to pay his share of the cost of production within 30 days from the date the obligation of well costs is incurred and by continuing to pay his share of the cost of production he shall be deemed to have agreed to pay his share of the cost of production in the event any such owner elects to pay his share of well costs as provided in this paragraph. He shall remain liable for operating costs and shall not be liable for risk charges.

(10) That any non-owning working interest owner who has an obligation to pay for his share of the cost of production shall have the right to pay his share of the cost of production within 30 days from the date the obligation of well costs is incurred and by continuing to pay his share of the cost of production he shall be deemed to have agreed to pay his share of the cost of production in the event any such owner elects to pay his share of well costs as provided in this paragraph. He shall remain liable for operating costs and shall not be liable for risk charges.

(11) That all proceeds from the production of oil and gas which are not distributed for any reason shall be paid in full to the owner of the oil and gas. The Commission shall be notified as to the name and address of said owner.

(12) That production of this lease is retained for the purpose of such further orders as the Commission may deem necessary.

THIS AGREEMENT IS MADE THIS 10th day of May, 1954, at the City of Dallas, Texas.

WITNESSES:
JAMES H. HARRIS, Chairman

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JAMES H. HARRIS, Chairman

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