

CASE 4764: APPLICATION OF BLACK
RIVER CORPORATION FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

Case Number
4764

Application

Transcripts

Small Exhibits

ETC.

Dockets to be sent to the following parties in the
Black River Corporation compulsory pooling cases,
as submitted by Mr. Allday

Helen Jones
610 West Estes
Midland, Texas 79701

Rutter and Wilbanks Corporation
500 North Big Spring
Midland, Texas 79701

Donald E. Cooper
1005 Upland
Midland, Texas 79701

Robert H. Hannifin (P.O. Box 182
2407 Gulf Roswell
Midland, Texas 79701

A. G. Andrikopolos
P. O. Box 88
Cheyenne, Wyoming 82001

U. S. Geological Survey
Post Office Box 1857
Roswell, New Mexico 88201

William S. Miller & Nora (his wife)
Route #1 - Box 792
Blythe, California 92225

J. W. Miller and wife Patricia A. Miller
Post Office Box 4547
Midland, Texas

Cities Service Oil Co.
800 Vaughn Building
Midland, Texas 79701

DOCKET MAILED

Date 11-10-72

for Nov. 21st

DOCKET MAILED

Date 10-5-72
10 Oct 18th by

DOCKET MAILED

Date 6-30-72

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Arapahoe Gas, Ltd.
640 Continental National Bank Building
333 Rannoch
Englewood, Colorado

Black River Corporation
620 Commercial Bank Tower
Midland, Texas

Vera T. Craddock &
Vola T. Ryan
Box 176
Queen Creek, Arizona 85242

Max Coll, Inc.
P. O. Box 1818
Roswell, New Mexico 88201

Forrest Miller
Post Office Box 540
Alpine, Texas 79830

William B. Blakemore II
Bruce Allen Blakemore Trust
Margene Blakemore Trust
Virginia Blakemore Trust
Tommy Phipps

~~Tommy Phipps~~

All these to the
following address:
620 Commercial
Bank Tower Bldg.
Midland, Texas 79701

The Artesia Lumber Company
Post Office Box 1325
Artesia, New Mexico 88210

John A. Mayes & Wife Agatha
Frijole Route
Carlsbad N M.

Alice Mayes Ballard &
husband Harley Ballard
Frijole Route
Carlsbad

Thurman Mayes & Wife Mahala Mayes
Route #1
Everton, Arkansas

Mrs. Amelia Mayes Miller
4001 Jones
Carlsbad

Michael P. & Corinne Grace
Post Office Box 1418
Carlsbad, N. M.

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

August 8, 1972

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 4764
4765
Order No. R-4354
Applicant:
Black River & Corinne Grace

DOCKET MAILED

Dear Sir:

Date 10-5-74

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

DOCKET MAILED

Date 11-10-72

ALP/ir

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other Mr. Jack Cooley and Mr. Jason Kellahin

DOCKET MAILED

Date 10-5-72

COPY FOR CASE FILE # 4764

Handed of money to be deposited in
bank - some separate -

My other post, receipt -

My other post, receipt and to be
posted -

E/2 of 3

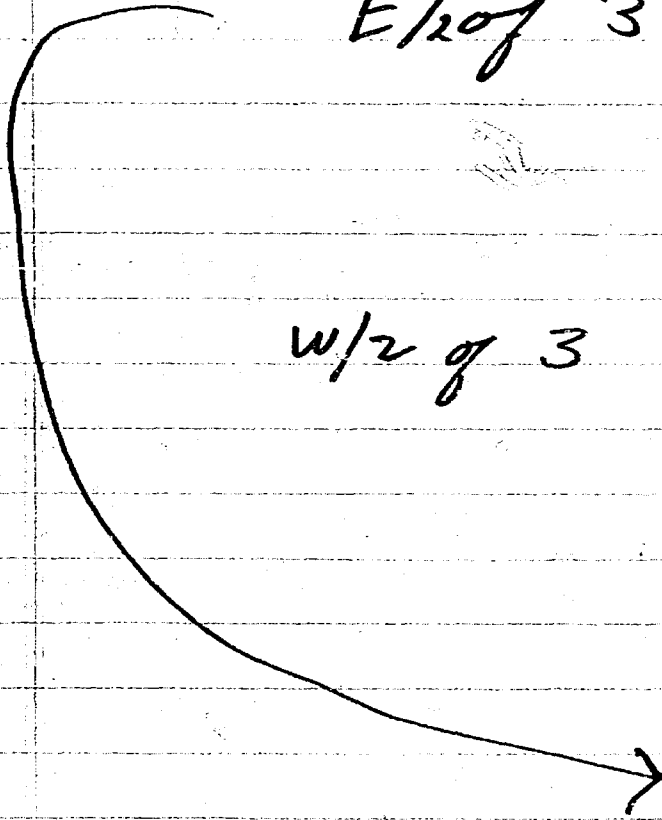
- 411.22

W/2 of 3

→

407.20

411



	57.34 (600)

DRAFT

GMH/dr

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:

CASES Nos. 4764 and 4765

Order No. R-_____

CONSOLIDATED CASES:

APPLICATION OF BLACK RIVER CORPORATION
FOR COMPULSORY POOLING, AND NON-STANDARD
PRORATION UNIT, EDDY COUNTY, NEW MEXICO.

APPLICATION OF MICHAEL P. GRACE AND
CORINNE GRACE FOR COMPULSORY
POOLING AND NON-STANDARD PRORATION UNIT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 12, 1972,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of July, 1972, 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, Black River Corporation, seeks an
order pooling all mineral interests in the Washington Ranch-
Morrow Gas Pool underlying the W/2 of Section 3, Township 26 South,
Range 24 East, NMPM, Eddy County, New Mexico, to form a 407.20-
acre non-standard gas proration unit to be dedicated to its
Cities "3" Federal Well No. 1, located 1980 feet from the North
line and 1980 feet from the West line of said Section 3.

(3) That the applicant has the right to drill and has completed its Cities "3" Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the West line of said Section 3 in the Washington Ranch-Morrow Gas Pool.

(4) That the applicants, Michael P. Grace II and Corinne Grace seek an order pooling all mineral interests in the Washington Ranch-Morrow Gas Pool underlying the W/2 of Section 3, Township 26 South, Range 24 East, NMPM, Eddy County, New Mexico, to form a 407.20-acre non-standard gas proration unit to be dedicated to the Black River Corporation's Cities "3" Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the West line of said Section 3, a completed gas well in the Washington Ranch-Morrow Gas Pool.

(5) That both applicants, Black River Corporation and Michael P. Grace II and Corinne Grace seek to be named operator of the unit to be pooled.

(6) That Cases Nos. 4764 and 4765 were consolidated as both cases involve the same lands and well.

(9) (17) That there are interest owners in the proposed non-standard proration unit who have not agreed to pool their interests.

(10) (18) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said non-standard unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, all mineral interests in the Washington Ranch-Morrow Gas Pool underlying the W/2 of Section 3, Township 26 South, Range 24 East, NMPM, Eddy County, New Mexico, should be pooled to form a 407.20-acre non-standard gas proration unit to be dedicated to the Black River Corporation Cities "3" Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the West line of said Section 3.

(7) That the evidence indicates that the entire W/2 of the above-described Section 3 can reasonably be presumed production of gas from in the Washington Ranch-Morrow Gas Pool.
(8) That the entire W/2 of the above-described Section 3 can be efficiently and economically drained and developed by the Cities "3" Federal Well No. 1.

(11) 495 That Black River Corporation should be designated the operator of the subject well and unit.

(12) 410 That any non-consenting working interest owner should be afforded the opportunity to pay his share of actual well costs in lieu of paying his share of reasonable well costs out of production.

(13) 411 That any non-consenting working interest owner that does not pay his share of said actual well costs should have withheld from production his share of the reasonable well costs.

(14) 412 That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(15) 413 That \$135.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) for the subject well; 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 is hereby 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.

(16) 414 That title to the working interest in a 417.12-acre tract being the SE/4 of the SW/4 of said Section 3, is the subject of litigation and the working interest share of proceeds from production attributable to said tract should not be disbursed pending the outcome of said litigation.

(17) 415 That all proceeds from production from the subject well 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 all mineral interest, whatever they may be, in the Washington Ranch-Morrow Gas Pool underlying the W/2 of Section 3, Township 26 South, Range 24 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a 407.20-acre non-standard gas proration unit to be dedicated to Black River Corporation's Cities "3" Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the West line of said Section 3.

(2) That Black River Corporation is hereby designated the operator of the subject well and unit.

(3) That the operator shall furnish the Commission and each known and alleged working interest owner in the subject unit an itemized schedule of actual well costs within 60 days following the date of this order; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(4) That within 60 days from the date the schedule of said actual well costs is furnished to him, any non-consenting working interest owner or alleged working interest owners shall have the right to pay his share of said actual well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of said actual well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of said actual well costs within 60 days from the date the schedule of actual well costs is furnished to him.

PROVIDED HOWEVER, that the working interest share of the proceeds from production attributable to the SE/4 SW/4 of Section 3, shall be placed in escrow to be paid to the true owner thereof upon proper determination of title to the same.

- (6) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

- (7) That \$135.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) for the subject well; 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 the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

- (8) 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.

- (9) 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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CASES NOS. 4764 and 4765
Order No. R-

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

(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.

DRAFT

GMH/dr

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 Nos. 4764 and 4765

Order No. R-4354

CONSOLIDATED CASES:

APPLICATION OF BLACK RIVER CORPORATION
FOR COMPULSORY POOLING AND NON-STANDARD
PRORATION UNIT, EDDY COUNTY, NEW MEXICO.

APPLICATION OF MICHAEL P. GRACE AND
CORINNE GRACE FOR COMPULSORY
POOLING AND NON-STANDARD PRORATION UNIT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 12, 1972,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this July day of July, 1972, 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, Black River Corporation, seeks an
order pooling all mineral interests in the Washington Ranch-
Morrow Gas Pool underlying the W/2 of Section 3, Township 26 South,
Range 24 East, NMPM, Eddy County, New Mexico, to form a 407.20-
acre non-standard gas proration unit to be dedicated to its
Cities "3" Federal Well No. 1, located 1980 feet from the North
line and 1980 feet from the West line of said Section 3.

(3) That the applicant has the right to drill and has completed its Cities "3" Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the West line of said Section 3 in the Washington Ranch-Morrow Gas Pool.

(4) That the applicants, Michael P. Grace II and Corinne Grace seek an order pooling all mineral interests in the Washington Ranch-Morrow Gas Pool underlying the W/2 of Section 3, Township 26 South, Range 24 East, NMPM, Eddy County, New Mexico, to form a 407.20-acre non-standard gas proration unit to be dedicated to the Black River Corporation's Cities "3" Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the West line of said Section 3, a completed gas well in the Washington Ranch-Morrow Gas Pool.

(5) That both applicants, Black River Corporation and Michael P. Grace II and Corinne Grace seek to be named operator of the unit to be pooled.

(6) That Cases Nos. 4764 and 4765 were consolidated as both cases involve the same lands and well.

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

(8) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said non-standard unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, all mineral interests in the Washington Ranch-Morrow Gas Pool underlying the W/2 of Section 3, Township 26 South, Range 24 East, NMPM, Eddy County, New Mexico, should be pooled to form a 407.20-acre non-standard gas proration unit to be dedicated to the Black River Corporation Cities "3" Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the West line of said Section 3.

(7) That the evidence indicates that the entire W/2 of the above-described Section 3 can reasonably be presumed productive of gas in the Washington Ranch-Morrow Gas Pool.
(8) That the entire W/2 of the above-described Section 3 can be efficiently and economically drilled and developed by the Cities "3" Federal Well No. 1.

(11) (9) That Black River Corporation should be designated the operator of the subject well and unit.

(12) (10) That any non-consenting working interest owner should be afforded the opportunity to pay his share of actual well costs in lieu of paying his share of reasonable well costs out of production.

(13) (11) That any non-consenting working interest owner that does not pay his share of said actual well costs should have withheld from production his share of the reasonable well costs.

(14) (12) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(15) (13) That \$135.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) for the subject well; 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 is hereby 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.

(16) (14) That title to the working interest in a ^{407.20}~~417.12~~ acre tract being the SE/4 of the SW/4 of said Section 3, is the subject of litigation and the working interest share of proceeds from production attributable to said tract should not be disbursed pending the outcome of said litigation.

(17) (15) That all proceeds from production from the subject well 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.

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CASES NOS. 4764 and 4765
Order No. R-

IT IS THEREFORE ORDERED:

(1) That all mineral interest, whatever they may be, in the Washington Ranch-Morrow Gas Pool underlying the W/2 of Section 3, Township 26 South, Range 24 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a 407.20-acre non-standard gas proration unit to be dedicated to Black River Corporation's Cities "3" Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the West line of said Section 3.

(2) That Black River Corporation is hereby designated the operator of the subject well and unit.

(3) That the operator shall furnish the Commission and each known and alleged working interest owner in the subject unit an itemized schedule of actual well costs within 60 days following the date of this order; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(4) That within 60 days from the date the schedule of said actual well costs is furnished to him, any non-consenting working interest owner or alleged working interest owners shall have the right to pay his share of said actual well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of said actual well costs as provided above shall remain liable for operating costs, ~~but shall not be liable for risk charges.~~

(5) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of said actual well costs within 60 days from the date the schedule of actual well costs is furnished to him.

PROVIDED HOWEVER, that the working interest share of the proceeds from production attributable to the SE/4 SW/4 of Section 3, shall be placed in escrow to be paid to the true owner thereof upon proper determination of title to the same.

(6) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(7) That \$135.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) for the subject well; 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 the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(8) 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.

(9) 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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CASES NOS. 4764 and 4765
Order No. R-

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

(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.

DRAFT

DSN/dr

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:

CASES NOS. 4764 and 4765

CASE NO. _____

Order No. R-4354-A

APPLICATION OF BLACK RIVER CORPORATION
FOR COMPULSORY POOLING AND NON-STANDARD
PRORATION UNIT, EDDY COUNTY, NEW MEXICO.

APPLICATION OF MICHAEL P. GRACE AND
CORINNE GRACE FOR COMPULSORY POOLING
AND NON-STANDARD PRORATION UNIT, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing ^{de novo} at 9 a.m. on November 21, 1972
at Santa Fe, New Mexico, before ~~Examiner~~ the OCC of New Mexico,
hereinafter referred to as the "Commission."

NOW, on this _____ day of December, 1972, 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 after an examiner hearing, Commission Order No.
R-4354, dated August 7, 1972, was entered in Cases Nos. 4764 and
4765 pooling all mineral interests, whatever they may be, in the
Washington Ranch-Morrow Gas Pool underlying the W/2 of Section 3,
Township 26 South, Range 24 East, NMPM, Eddy County, New Mexico,
to form a 407.20-acre non-standard gas proration unit to be dedicated
to Black River Corporation's Cities "3" Federal Well No. 1, located
1980 feet from the North line and 1980 feet from the West line of
said Section 3, and designating Black River Corporation as operator
of the unit.

(3) That Rutter and Wilbanks Corporation requested and was granted a hearing de novo of Cases 4764 and 4765 before the Commission.

(4) That the evidence presented at the hearing de novo indicates that the entire W/2 of the above-described Section 3 can reasonably be presumed to be productive of gas from the Washington Ranch-Morrow Gas Pool.

(5) That the evidence presented at the hearing de novo establishes to the satisfaction of the Commission that the entire W/2 of the above-described Section 3 can be efficiently and economically drained by the above-described Cities "3" Federal Well No. 1.

(6) That to reduce the size of the proration unit dedicated to said Cities "3" Federal Well No. 1, as proposed by Rutter and Wilbanks Corporation, would deprive the owners of mineral interests in that portion of the unit which would be deleted, of the opportunity to recover their just and equitable share of the hydrocarbons in the Washington Ranch-Morrow Gas Pool, unless a third well were to be drilled in said Section 3, with a complete realignment of the acreage dedicated to the subject well and to the well located in the E/2 of Section 3.

(7) That to drill a third well in Section 3, Township 26 South, Range 24 East, Washington Ranch-Morrow Gas Pool, would result in supererogatory risk and economic waste caused by the drilling of an unnecessary well.

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Cases Nos. 4764 and 4765
Order No. R-4354-A

(8) That Commission Order No. R-4354 provides protection for the correlative rights of all mineral interest owners in the W/2 of Section 3, when considered as a whole, and will result in the prevention of waste.

(9) That Commission Order No. R-4354 should be reaffirmed.

IT IS THEREFORE ORDERED:

(1) That Commission Order No. R-4354, dated August 7, 1972, be and the same is hereby reaffirmed in its entirety.

(2) That jurisdiction of this cause be 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.