Case No.
4311

Large Exhibits

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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. 4311

Order No. R-____

APPLICATION OF C. E. LONG
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 ~~o'clock~~ a.m. on February 25, 1970, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this ____ day of March, 1970, 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, C. E. Long, seeks an order pooling all mineral interests from the surface of the ground down to the base of the Seven Rivers formation underlying the S/2 NE/4 of Section 31, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, ~~in the Undesignated Eumont Gas Pool~~ and designated to form two 160-acre proration units for said pool, said proration units to be dedicated to a well to be re-entered ~~in the Eumont Gas Pool~~ and a well to be re-entered or to be drilled at a standard location in ~~each~~ said Section 31 or to form an 80-acre non-standard gas proration unit comprising the S/2 NE/4 of said Section 31, ~~to be dedicated to a well to be drilled at a standard location thereon~~.

(3) That the applicant has the right to drill and proposes to re-enter or drill a well in each of the aforesaid proration units to test any and all formations, particularly the Yates and Seven Rivers formation, from the surface of the ground down to the base of the Seven Rivers formation.

(4) That there are interest owners in the proposed proration units who have not agreed to pool their interest.

(5) That the evidence indicates that the S/2 NE/4 of said Section 31 may be productive of gas from ~~the Eumont Gas Pool~~ and from the Undesignated Jalmat Gas Pool.

(6) That the evidence indicates the SE/4 NE/4 and the SW/4 NE/4 of said Section 31 may be productive of oil from ~~the Eumont Oil Pool~~ from the Yates-Seven Rivers Pool with or all of the Eumont ~~Gas~~, Jalmat ~~Gas~~, or Langlie-Mattix Oil Pools.

* Add right to drill, if necessary

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(2)

(7) that to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the SE/4 NE/4 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the Tubb and Drinkard formations, all mineral interests, whatever they may be, in said formations, within the SE/4 NE/4 of said Section 31 should be pooled, and that the SE/4 NE/4 of said Section 31 should be dedicated to a well to be drilled thereon.

(8) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the SE/4 NE/4 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in the Tubb and Drinkard formations, all mineral interests, whatever they may be in said formations, within the SE/4 NE/4 of said Section 31 should be pooled.

(9) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the SE/4 NE/4 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in the Tubb and Drinkard formations, all mineral interests, whatever they may be in said formations, within the SE/4 NE/4 of said Section 31 should be pooled.

(10) That the applicants should be designated the operators of the subject wells and units.

(11) that any non-consenting working interest owner should be afforded the opportunity to extend well, to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

(12) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be drilled in the SE/4 NE/4 of said Section 31 should have withheld from production from said well his share of the reasonable well costs of said well plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

(13) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be drilled in the SE/4 NE/4 of said Section 31 should have withheld from production from said well his share of the reasonable well costs of said well plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

(14) That any non-consenting interest owner should be afforded the opportunity, as to each well, 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) That following determination of reasonable well costs, as to each well, any non-consenting working interest owner that has paid his share of estimated costs should pay, as to each well, to the operators any amount that reasonable well costs exceed estimated well costs and should receive from the operators any amount that paid estimated well costs exceed reasonable well costs.

(16) That $50.00 per month for each completed productive zone in each of the subject wells should be fixed as a reasonable charge for supervision of each of the subject wells; that the operators of the subject wells 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 operators should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well for the drilling, or attributable to each non-consenting working interest.

(17) 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 all mineral interests, whatever they may be, in the Tubb and Drinkard formations underlying the SE/4 NE/4 of Section 31, Township 21 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form an 80-acre non-standard gas proration unit for

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simultaneously dedicated to an oil well and a gas well in the Tubb formation.

(2) That all mineral interests, whatever they may be, in the Drinkard, Paddock, Blinebry, and Tubb Pools underlying the SE/4 SW/4 of Section 7, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 40-acre oil spacing unit for each pool to be dedicated to a well to be drilled in said quarter-quarter section.

(3) That all mineral interests, whatever they may be, in the Drinkard, Paddock, Blinebry, and Tubb Pools underlying the NE/4 SW/4 of Section 7, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 40-acre oil spacing unit for each pool to be dedicated to a well to be drilled in said quarter-quarter section.

(4) That John Yuronka and Robert Chandler are heroby designated the operators of the subject wells and units.

(5) That the operators shall furnish the Commission and each known working interest owner in the SE/4 SW/4 of said Section 7 an itemized schedule of estimated well costs, as to the well to be drilled on that tract, within 30 days following the date of this order.

(6) That the operators shall furnish the Commission and each known working interest owner in the NE/4 SW/4 of said Section 7 an itemized schedule of estimated well costs, as to the well to be drilled on that tract, within 60 days following the completion of the well in the SE/4 SW/4 of said Section 7.

(7) That within 30 days from the date the schedules of estimated well costs, as to each well, are furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs, as to each well, to the operators in lieu of paying his share of reasonable well costs, as to each well, out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(8) That the operators shall furnish the Commission and each known working interest owner in the subject units an itemized

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