

Entered November 16, 1973
A.L.P.

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. 5088
Order No. R-4666

APPLICATION OF AMINI OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 31, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of November, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Amini Oil Company, seeks an order pooling all mineral interests from the surface of the ground down to and including the Pennsylvanian formation underlying the S/2 of Section 32, Township 20 South, Range 33 East, NMPM, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico.
- (3) That the applicant has the right to drill and is drilling a well at a standard location in Unit N of said Section 32.
- (4) That there are interest owners in the proposed proration unit who desire that the West half of said Section 32 be pooled and dedicated to said well.
- (5) That said interest owners have agreed to join in the drilling of said well upon the entry of an order by the Commission pooling either the S/2 or the W/2 of said Section 32 for dedication thereto.
- (6) That the location of said well would be a standard location for the dedication of the S/2 and would be an unorthodox location for the dedication of the W/2 of said Section 32.
- (7) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense

his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within the S/2 of said Section 32.

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

(9) That \$150.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charge attributable to each working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) 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 interests, whatever they may be, in the Pennsylvanian formation underlying the S/2 of Section 32, Township 20 South, Range 33 East, NMPM, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well drilling at a standard location in Unit N of said Section 32.

PROVIDED HOWEVER, that the operator of said unit shall continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Commission and show cause why Order (1) of this order should not be rescinded.

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

(3) That \$150.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each working interest.

(4) 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.

-3-

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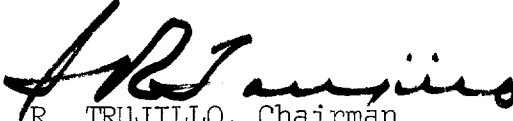
(5) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


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

S E A L

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