

West's New Mexico Statutes Annotated

Chapter 70. Oil and Gas

Article 2. Oil Conservation Commission; Division; Regulation of Wells (Refs & Annos)

N. M. S. A. 1978, § 70-2-18

§ 70-2-18. Spacing or proration unit with divided mineral ownership

Currentness

A. Whenever the operator of any oil or gas well shall dedicate lands comprising a standard spacing or proration unit to an oil or gas well, **it shall be the obligation** of the operator, if two or more separately owned tracts of land are embraced within the spacing or proration unit, or where there are owners of royalty interests or undivided interests in oil or gas minerals which are separately owned or any combination thereof, embraced within such spacing or proration unit, **to obtain voluntary agreements pooling said lands or interests or an order of the division pooling said lands**, which agreement or order shall be effective from the first production. Any division order that increases the size of a standard spacing or proration unit for a pool, or extends the boundaries of such a pool, shall require dedication of acreage to existing wells in the pool in accordance with the acreage dedication requirements for said pool, and all interests in the spacing or proration units that are dedicated to the affected wells shall share in production from the effective date of the said order.

B. Any operator failing to obtain voluntary pooling agreements, or failing to apply for an order of the division pooling the lands dedicated to the spacing or proration unit as required by this section, shall nevertheless be liable to account to and pay each owner of minerals or leasehold interest, including owners of overriding royalty interests and other payments out of production, either the amount to which each interest would be entitled if pooling had occurred or the amount to which each interest is entitled in the absence of pooling, whichever is greater.

C. Nonstandard spacing or proration units may be established by the division and all mineral and leasehold interests in any such nonstandard unit shall share in production from that unit from the date of the order establishing the said nonstandard unit.

**Credits**

L. 1969, Ch. 271, § 1; L. 1977, Ch. 255, § 52.

**Formerly** 1953 Comp., § 65-3-14.5.

Notes of Decisions (6)

NMSA 1978, § 70-2-18, NM ST § 70-2-18

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