

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. 2235
Order No. R-1939

APPLICATION OF KAY KIMBELL
FOR AN ORDER FORCE-POOLING
ALL MINERAL INTERESTS IN A
160-ACRE GAS PRORATION UNIT
IN THE AZTEC-FRUITLAND GAS
POOL, 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 April 5, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 18th day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Kay Kimbell, seeks an order force-pooling all mineral interests in the Aztec-Fruitland Gas Pool in the SW/4 of Section 22, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, in order to form a 160-acre gas proration unit.
- (3) That in view of the smallness of some of the mineral interests which the applicant seeks to have force-pooled, reasonable and diligent effort has been made to secure the approval of mineral interest owners to the formation of the above-described gas proration unit.
- (4) That inasmuch as denial of the subject application would deprive, or tend to deprive, the mineral interest owners in the above-described tract of the opportunity to recover their just and equitable share of the hydrocarbons in the

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Aztec-Fruitland Gas Pool, all mineral interests therein should be force-pooled to form a 160-acre gas proration unit.

IT IS THEREFORE ORDERED:

(1) That the interests of all persons having the right to drill for, produce, or share in the production of hydrocarbons from the Aztec-Fruitland Gas Pool underlying the SW/4 of Section 22, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, are hereby force-pooled to form a 160-acre gas proration unit comprising all of said acreage. Said unit is to be dedicated to the Kay Kimbell Well No. 2, located in the SE/4 SW/4 of said Section 22.

PROVIDED HOWEVER, That the proportionate share of the cost of drilling and completing said Kay Kimbell Well No. 2 shall be borne by each consenting working interest owner in the same proportion to the total costs that his acreage bears to the total acreage in the pooled unit.

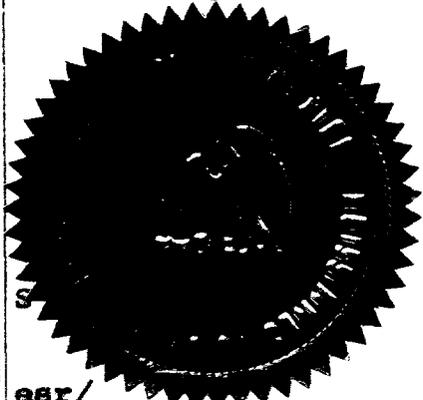
PROVIDED FURTHER, That the proportionate share of the cost of drilling and completing said well which is to be paid out of production by each non-consenting working interest owner shall be 125 per cent of the same proportion to the total costs that his acreage bears to the total acreage in the pooled unit.

PROVIDED FURTHER, That the share of the well costs, as determined above, which is to be paid by the mineral interest owners shall be withheld only from the working interests' share (7/8) of the revenues derived from the sale of the hydrocarbons produced from the well on the pooled unit. Royalty payments are not to be affected by the withholding of any funds for the purpose of paying out a proportionate share of the cost of drilling and completing said well.

(2) That the effective date of this order shall be December 1, 1960, which was the date of first production.

(3) 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

E. L. Mechem
EDWIN L. MECHEM, Chairman

E. S. Walker
E. S. WALKER, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary