

*Copy - each case file
R-2068-B
R-2151-A
[Signature]*

JASON W. KELLAHN
ROBERT E. FOX

KELLAHN AND FOX
ATTORNEYS AT LAW

54 1/2 EAST SAN ANTONIO STREET
POST OFFICE BOX 175
SANTA FE, NEW MEXICO 87501

TELEPHONES
983-9396
982-2991

1963 NOV 6 PM 1:01
November 5, 1963

Southwest Production Company
4108 Southland Center
Dallas, Texas

Re: Ollie Sullivan Well No. 1,
Irene Brown Well,
34, Sec. 22-30N-21W,
San Juan County, New Mexico.

C
O
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Y

Gentlemen:

On October 3, 1963, I wrote asking for an accounting on production from the above wells on behalf of Julian Coffey, a non-consenting owner whom you forced-pooled under the provisions of Order No. P-2063-S and R-2151-A. To date we have not heard from you in connection with this request.

Mr. Coffey is entitled to a one-eighth royalty interest for that portion of all production attributable to his acreage, and we request that you make an immediate accounting for this, as requested in my letter of October 3.

Very truly yours,

JASON W. KELLAHN

Conservation Commission of New Mexico
Julian Coffey

ILLEGIBLE

KELLAHIN AND FOX
ATTORNEYS AT LAW
24 1/2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 1713
SANTA FE, NEW MEXICO

JASON W. KELLAHIN
ROBERT E. FOX

MAIN OFFICE OCC
TELEPHONE
982-8388
982-2991
1963 DEC 13 PM 1:19

December 12, 1963

Mr. Joseph P. Driscoll
Southwest Production Company
310 1/2 Southland Center
Dallas 1, Texas

Re: SWP-36 Ollie Sullivan No. 1
SWP-40 Irene Brown No. 1
San Juan County, New Mexico
Julian Coffey Interest

Dear Mr. Driscoll:

This will acknowledge receipt of your check covering royalty interest for the sales of distillate on the above wells in the amount of \$29.75. This is apparently based on a ten-acre interest.

Although Mr. Coffey has already negotiated this check, Mr. Coffey claims, and on the basis of his deeds and survey, I believe will be able to establish he actually owns 12 acres in this tract. At the time of the hearing on forced pooling for these two wells, Mr. Coffey's interest was brought to your attention. For this reason, Mr. Coffey cannot be expected to sign a division order showing a lesser interest than that actually held by him.

In connection with this matter, we have written you on October 3 and November 5 asking for an accounting of the royalties owed to Mr. Coffey; and to date, we have received only a statement on distillate production, with your letter of December 5. In this connection, you have not complied with the provisions of the orders force-pooling the mineral interests under these lands, and we again ask you for an accounting of and payment of the royalty interest owed to Mr. Coffey without further delay.

Very truly yours,

ILLEGIBLE

JASON W. KELLAHIN

JWK:mms

cc - Mr. Julian Coffey
Oil Conservation Commission of New Mexico
State Development Commission

C
O
P
Y

Jim D. Coffey in each case file R-2068-B R-2151-A

JOSEPH P. DRISCOLL

SOUTHWEST PRODUCTION COMPANY MAIN OFFICE 000

3108 SOUTHLAND CENTER
DALLAS 1, TEXAS

DEC 6 1963
JOHN H. HILL

RIVERSIDE 8-8388

December 4, 1963

Mr. Jason W. Kellahin
Attorney at Law
54 1/2 East San Francisco Street
Santa Fe, New Mexico

Re: SWP-36 Ollie Sullivan No. 1
SWP-40 Irene Brown No. 1
San Juan County, New Mexico

Dear Mr. Kellahin:

Reference is made to your recent correspondence relative to Mr. Julian Coffey's interest in the above described units which were force pooled under orders of the New Mexico Oil Conservation Commission No. R-2068-B and R-2151-A.

We forwarded to Mr. Coffey our division order on SWP-36 dated June 1, 1962, and the division order on SWP-40 dated June 4, 1962. Mr. Coffey did not reply to either of these letters forwarding the division orders. Accordingly, the processing of funds was delayed.

If it is your desire, we will issue instructions to El Paso Natural Gas Company, which is the purchaser of gas and is holding the gas funds, to forward the gas royalty interest to Mr. Coffey.

In the meantime, in order to expedite matters, we enclose our check No. 1919, covering Mr. Coffey's share of royalty interest for sales of distillate from first production through August, 1963. As you will note, the check reflects total production through August, 1963, as follows:

<u>SWP-36 Ollie Sullivan Well</u>			
2,859.26 MBIs	\$324.53 Taxes	\$5,977.18 Net	\$23.35 royalty
<u>SWP-40 Irene Brown No. 1 Well</u>			
800.78 MBIs	\$ 91.67 Taxes	\$1,639.46 Net	\$ 6.40 royalty

We also wish to advise you that Southwest Production Company sold its interest in these properties to Beta Development Company, P. O. Box 1859,

ILLEGIBLE

Mr. Jason W. Kellahin
Page -2-
December 4, 1963

1963 DEC 6 AM 4
MAIL ROOM 600

Midland, Texas, as of September 1, 1963. Future distributions of royalty from distillate sales will be made by Beta. Presumably El Paso will continue to distribute gas royalties.

Sincerely yours,

Joseph P. Driscoll

JPD:ac
fnd.

cc: New Mexico Oil Conservation Commission
Mr. Julian Coffey

ILLEGIBLE

July 19, 1962

The Citizens Bank of Aztec which maintains offices in both Aztec and Farmington has been designated as the escrow agent by Southwest Production Company. Any proceeds from production from forced pooled property which are not disbursed for any reason will be placed in escrow in this bank.

See letter from Joseph P. Driscoll, Southwest Production Company, Dallas, Texas, dated July 16, 1962, and filed in Case No. 2600.

(Cases Nos. 2415, 2416, 2446, 2452, 2453, 2600, and in Nos. 2343 and 2381)

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



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

P. O. BOX 871
SANTA FE

April 19, 1962

Mr. George Verity
Verity, Burr & Cooley
Attorneys at Law
152 Petroleum Center Building
Farmington, New Mexico

Re: CASE NO. 2446, 2415 and 2416
ORDER NO. R-2068-B, R-2150-A and
R-2151-A
APPLICANT:
Southwest Production Company

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC x

OTHER

Mr. Howard Bratton

Mr. George Selinger

Mr. Guy Buell and Mr. Garrett Whitworth

Case 2446

VERITY, BURR & COOLEY
ATTORNEYS AND COUNSELORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
SANTA FE, NEW MEXICO
1962 JAN 11 PM 1:16
January 11, 1962

GEO. L. VERITY
JOEL B. BURR, JR.
WM. J. COOLEY

NORMAN S. THAYER

TELEPHONE 325-1702

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Case No. 2446-Order No. R-2068-1.
force pooling E $\frac{1}{2}$ of Sec. 27,
T-30-N, R-12-V, N.M.P.M., San
Juan County, N.M.

Gentlemen:

Enclosed please find original and two copies of application for De Novo Hearing in regard to the above referenced case.

Very truly yours,

VERITY, BURR & COOLEY

By 
Geo. L. Verity

GLV/kp
Enclosures

File in Case No. 2416

SOUTHWEST PRODUCTION COMPANY

3108 SOUTHLAND CENTER

DALLAS 1, TEXAS

JOSEPH P. DRISCOLL

RIVERSIDE 8-8388

JOHN H. HILL

May 15, 1962

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Re: SWP-40, Case No. 2416, Order No. R-2151-A
(Forced Pooling, Irene Brown Well,
E/2, Sec. 22-30N-12W)

Gentlemen:

Reference is made to the above-described order of the New Mexico Oil Conservation Commission providing for the forced pooling of all mineral interests, whatever they may be, in the Flora Vista-Mesa Verde Gas Pool in the E/2 of Section 22, Township 30N, Range 12W, N.M.P.M., San Juan County, New Mexico, and the dedication of such unit to the Irene Brown Well located thereon.

Pursuant to such order, there is attached an itemized current schedule of well costs. A copy of this schedule has been sent to each known non-consenting working interest owner in the subject unit, in accordance with order. Each such person has been advised of his right to pay his share of costs in such well.

Sincerely yours,


Joseph P. Driscoll

JPD/a

encls



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

1000 RIO BRAZOS ROAD - AZTEC

87410

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX ARMijo
MEMBER

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

July 22, 1969

Mr. George Hatch
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Dear George:

Enclosed are copies of cost and remedial tabulations on two force pooled well units which were mailed to Mr. Lindsey by Beta Development Company. He had requested a cost accounting as set out by terms of the two pooling orders. The Ollie Sullivan #1 was pooled by order R-2068-B and the Irene Brown #1 was pooled by order R-2151-A.

At the time of the pooling case the acreage involved was owned by Julian Coffey who is now deceased.

Mr. Lindsey and his attorney, Haskell Rosebrough of Farmington, have requested a clarification from us on the definition of legitimate cost deductions. The orders specify operating cost of \$75.00 per month and I notice that all of their monthly cost tabulations exceed this figure, sometimes by several times. Are these operating costs beyond the \$75.00 per month which may be added and if so shouldn't the operator be required to document these costs?

Will you please analyze the problem and let me know what you decide. In fact, it might be preferable if you would write Mr. Lindsey or his attorney direct with your findings, but I would like a copy.

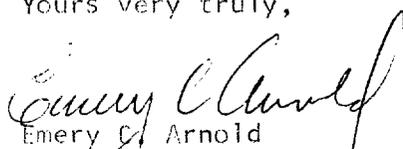
We seem to be getting inquiries from several sources concerning forced pooled units.

I am wondering if it might not be good for the Commission to review all force pooling orders and determine if the operators are conforming to the provisions of the orders. Let me know what you think?

Will you please return the enclosed cost sheets as Mr. Lindsey has no other copies.

Thanks.

Yours very truly,


Emery C. Arnold
Supervisor, District #3

ECA:mc

Encls.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 5, 1969

Mr. Emery C. Arnold
Supervisor, District 3
Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

Re: Forced Pooling Orders
Nos. R-2068-B and R-2151-A

Dear Emery:

After reviewing the above-described orders, the records in the cases, and all correspondence, I believe that the operator has been authorized to withhold a proportionate part of \$75.00 as to each well for supervision charges and a proportionate part of actual operating expense as to each well. From the aforesaid it then appears that the operator in these two cases is properly withholding.

I would suggest that Mr. Lindsey, if he has a question as to the actual operating cost for any particular month, ask the operator for a breakdown of the costs.

Very truly yours,



GEORGE M. HATCH
Attorney

GME/esr

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VERITY, BURR & COOLEY
ATTORNEYS AND COUNSELORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

*Case
2446*

GEO. L. VERITY
JOEL B. BURR, JR.
WM. J. COOLEY

April 24, 1962

TELEPHONE 325-1702

NORMAN S. THAYER

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Interpretation Orders Nos. R-2068-B, R-2150-A,
R-2151-A, and R-2152-A.

Gentlemen:

This will acknowledge receipt of copies of each of the above referred to Orders.

Paragraph 10 of the Findings of each of these Orders provides as follows: "That it is improper for operating costs to be assessed as a percentage of well costs; accordingly \$75.00 per month should be fixed as the cost of operating the subject well and each non-consenting working interest owner should be assessed with his share of such cost, to be paid out of production." Paragraph 4 of the Order of each of the above referred to Orders incorporates the above Findings into the Order portion of each Order.

It is, of course, obvious that the specific portion of the Orders referred to is making reference to supervision costs as there are, of course, many direct operating costs, and I am advised by Mr. R. C. Morris, General Counsel for the Commission, that this is what is intended by the language used, and, in light of this interpretation, Southwest Production Company will accept this portion of the Orders and make charges to the respective wells accordingly.

Yours very truly,

VERITY, BURR & COOLEY

By 
Geo. L. Verity

GLV/kp

cc: New Mexico Oil Conservation Commission
Aztec, New Mexico

Southwest Production Company
Dallas, Texas

VERITY, BURR & COOLEY
ATTORNEYS AND COUNSELORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

5.0573
Case 2416

GEO. L. VERITY
JOEL B. BURR, JR.
WM. J. COOLEY
NORMAN S. THAYER

September 28, 1961

TELEPHONE 325-1702

Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

Re: Our file #1320-L

Application of Southwest Production
Company for an order force pooling
E $\frac{1}{2}$ Sec. 22, T30N, R12W., NMPM., in
San Juan County, New Mexico (as to
Mesa Verde formation)

Enclosed herewith are the original and two copies of South-
west Production Company's application in connection with the
referenced matter.

Yours very truly,

VERITY, BURR & COOLEY,

By

William J. Cooley
William J. Cooley

WJC/m
3 encls

[Handwritten notes and signatures in the bottom left corner]

JACK D. JONES

4012 CEDAR DRIVE
FARMINGTON, NEW MEXICO

December 19, 1961

Case 2446

PHONE DAVIS 5-1463

Re: Costs for Southwest Production
Company wells

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

Pursuant to your requests find enclosed herewith copies of
billings for the following wells:

1. Pearl Wilkes No. 1 (Dakota), E $\frac{1}{2}$ Sec. 14, T. 30 N.,
R. 12 W., N.M.P.M., San Juan County, New Mexico.
Total costs to date: \$80,309.02.
2. Ollie Sullivan No. 1 (Dakota), E $\frac{1}{2}$ Sec. 22, T. 30 N.,
R. 12 W., N.M.P.M., San Juan County, New Mexico.
Total costs to date: \$73,634.54.
3. Irene Brown No. 1 (Mesa Verde), E $\frac{1}{2}$ Sec. 22, T. 30 N.,
R. 12 W., N.M.P.M., San Juan County, New Mexico.
Total costs to date: \$39,931.41.

The above amounts reflect the totals of the billings received
to date and do not necessarily reflect the total costs of drilling
the indicated wells. Any additional billings will be supplied to
you as soon as received.

Additionally, I will forward the billings for the well drilled
in the East Half of Section 7, T. 30 N., R. 11 W., N.M.P.M., San
Juan County, New Mexico as soon as I receive them.

Very truly yours,

[Signature]
Jack D. Jones

JDJ/hs

Enc.

cc: Southwest Production Company (w/o enc.)

Case
2446

August 28, 1961

JOINT INTEREST BILLING

Southwest Production Company
3108 Southland Center
Dallas 1, Texas

Month of August, 1961

Lease Name:

Ollie Sullivan No. 1 (DK)
E/2, Sec. 22-30N-12W
San Juan County, New Mexico
AFE dated July 10, 1961

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
120-61	Aspen Drilling Company, 8-22-61 Contract drilling	\$ 32,500.00
S501574	Halliburton Company, 8-3-61 4-1/2" 8r multi-stage D. V. Cementers N. M. State Tax	808.00 16.16 824.16*
C116	P&C, Inc., 8-7-61 Hauling water 2% N. M. School Tax	73.50 1.47 74.97*
BC- 607207	Halliburton Company, 8-8-61 425 cu. ft. Pozmix-S Cement mixed 1:1 N. M. State Tax	1,165.99 23.32 1,189.31*
CS- 373765	Halliburton Company, 8-8-61 Cementing production string N. M. State Tax	937.00 18.74 955.74*

Lease Name: Ollie Sullivan No. 1

Page -2-

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
55514	Industrial Supply Company, 8-8-61 6566'7" of 4 1/2" 10.50# J-55 8rt R-2 API Smls. casing ST/C Special testing 2% N. M. Sales Tax	\$ 7,928.49 175.52 162.08 8,266.09*
2551	Goodno Welding & Mfg., Inc., 8-8-61 Cutoff 4 1/2" casing 2% N. M. School Tax	17.50 .35 17.85*
T27242	Industrial Supply Company, 8-9-61 "WF" Casinghead housing 10" S/600x9-5/8" OD 8rd female W/2-2" LP outlets w/gasket, studs and nuts 2" Nordstrom lub plug valve Bull plug and nipple Freight charges 2% N. M. Sales Tax	241.85 38.28 5.03 16.24 6.03 307.43*
T28657	Industrial Supply Company, 8-9-61 1 gal. Kopr Kote thread lubricant 2% N. M. Sales Tax	9.30 .19 9.49*
8554	Little Tool Company, Inc., 8-10-61 Weld pipe on shoe 2% N. M. State Tax	10.50 .21 10.71*
6-68	B. F. Walker, Inc., 8-11-61 Haul 4-1/2" casing	559.68*
18416	Lane Wells Company, 8-13-61 E-Gun perforations 77 holes from 6452' to 6432' 60 holes from 6351' to 6331' 2% N. M. State Tax	935.90 18.72 954.62*

Lease Name: Ollie Sullivan No. 1

Page -3-

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
12794	Western Company, 8-16-61 Acidising 2% N. M. State Tax	\$ 745.00 14.90 759.90*
12760	Western Company, 8-14-61 Fracing at depth of 6001'-7000' 2% N. M. State Tax	5,481.60 106.83 5,588.43*
61-756	B & R Service, Inc., 8-17-61 Furnish and set 2" W mandrel plug choke N. M. State Tax	150.00 3.00 153.00*
31806	Baker Oil Tools, Inc., 8-17-61 Packing element 2% N. M. State Tax	27.60 .55 28.15*
6-79	B. F. Walker, Inc., 8-17-61 Hauling 2-5/8" tubing	240.13*
716	Lohmann Oil Well Service, Inc., 8-21-61 Completion unit 8-12 thru 8-18 2% N. M. School Tax	5,088.08 101.76 5,189.84*
T28754	Industrial Supply Company, 8-23-61 3 - 4-1/2" OD metal petal baskets 4-1/2" OD 3rd M&F differential fillup collar 4-1/2" OD Slip joint cement guide shoe 15 - 4-1/2" Clark hinged centralizers 20 - 4-1/2" Clark cement spinners 150' (30 - 5' sections) Clark rotating scratchers Locking compound and yellow paint sticks 2% N. M. Sales Tax	154.05 160.00 26.45 272.25 199.00 298.50 11.14 22.43 1,143.82*

Lease Name: Ollie Sullivan No. 1

Page -4-

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
32145	Baker Oil Tools, Inc., 8-24-61 Model D retrievomatic cementer w/accessory equipment and service 2% N. M. Sales Tax	\$ 402.00 8.04 410.04*
T28755	Industrial Supply Company, 8-29-61 Slip and seal assy. "CA" 10"x4-1/2" incl. Allen wrench Seal Assy. type "R" 10" x 4-1/2" Spool tubing head "F" 10" x 6" 2000# WP w/2-2" std. outlets Bit pilot w/wire retainer, flange, bull plug and gaskets 2% N. M. State Tax	235.40 80.01 344.50 68.62 14.57 743.10*
T28756	Industrial Supply Company, 8-29-61 Valve tree cameron, single string solid block btm. flg. 6" 2000# Studs, nuts, tees, and other misc. fittings Less 1% freight allowance 2% N. M. Sales Tax	550.00 47.36 (5.50) 11.84 603.70*
T28757	Industrial Supply Company, 8-29-61 Flanges, nipples, rings and other misc. fittings 2% N. M. Sales Tax	75.93 1.52 77.45*
T28758	Industrial Supply Company 8 - 2" welds 2000# WP 2 - Gauge pr. marsh 4-1/2" face 3000# Hanger tubing FBB 6"x2" EUE Needle valves, bull plug, and other misc. fittings 2 - valve cameron gate "F" 2"x2-1/16" 2000# Freight charges on 1286# @ 4.25 2% N. M. Sales Tax	40.00 47.28 59.92 53.52 NC 54.66 5.11 260.48*
	Total	<u>\$ 80,868.10</u>

November 13, 1961

JOINT INTEREST BILLING

**Southwest Production Company
3108 Southland Center
Dallas 1, Texas**

Supplemental Billing

Months of August, September and October, 1961

Lease Name:

**Ollie Sullivan No. 1 (DS)
E/2, Sec. 22-30N-12W
San Juan County, New Mexico**

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
Stmt.	San Juan Engineering Co., 5-4-61 Stake location and survey elevation 2% N. M. School Tax	\$ 100.00 2.00 102.00*
65591	Valley Steel Products Co., 3-24-61 Sale of thread protector	(18.57) (18.57)*
28782	Industrial Supply Co., 8-31-61 6433'4" of 1-1/2" 10 rd non EUE JCW-50 tubing T&C W/J-55 2.75# beveled coupling 17,692# freight from mill @ 1.02 Hauling to location 2% N. M. Sales Tax	2,795.93 288.61 61.20 62.87 3,208.61*
28808	Industrial Supply Co., 8-31-61 3-7/8" Tricone bit Freight on 10# @ 4.43 2% N. M. Sales Tax	95.63 .44 1.92 97.99*
3578	Panhandle Steel Products Co., 9-26-61 210 bbl. 1/4-3-3 API flg bottom welded steel storage tank	1,188.50

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
3578 (cont'd)	1" Rolling line, 2" downcomer, 4' landing, API stairway, tar paper, 2" stack valve	267.08
	16" x 7-1/2" production unit w/3-phase separator, all std. accessories submerged in 30" x 7" indirect heater w/split coil bundle w/submerged choke, 3-phase controls all mounted and piped up	3,911.07
	2- Reinforced concrete foundation blocks	40.00
	2% N. M. State Tax	108.13
		5,514.78*
7535	Monarch Construction Co., 10-12-61 Lay flow line, connect tank, fence pit	218.50 218.50*
29181	Industrial Supply Co., 10-18-61 94.08' of 2" EUE 8rd 4.70# J-55 tubing T&C 147' of 2" blk. API line pipe T&C 21.20' of 1" blk. API line pipe T&C Freight from mill 2% N. M. Sales Tax	58.85 80.51 5.57 3.54 2.97 151.44*
3299	Goodman & Sons, 10-18-61 Surface damages	500.00 500.00*
26	Key, Inc., 10-15-61 D-6 cat to clean location 2% N. M. School Tax	84.00 1.68 85.68*
29197	Industrial Supply Co., 10-25-61 Nipples, plug valves, bull plugs, ells 2% N. M. Sales Tax	82.50 1.65 84.15*
7643	Monarch Construction Co., 10-31-61 Fill with glycol and water	21.70 21.70*

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
J10-1	Rental of 2" EUE J-55 tubing for drill out string for the period Aug. 12 thru Aug. 16	\$ 500.00 500.00*
J-10-3	Drilling well overhead for the period July 25 thru Sept. 16 (53/30 of \$250)	441.49 441.49*
J10-9	Direct salary and auto expense charges	
	stake location and make settlement for surface damages 8 hrs. @ 7.41	59.28
	Auto expense 65 mi. @ 10¢	6.50
	Drilling engineer and geologist; check samples to TL and run casing 55 hrs. @ 6.41	352.55
	Auto expense 110 mi. @ 10¢	11.00
	Completion engineer; perforate and sand-water frac, completion 158 hrs. @ 7.41	1,170.78
	Auto expense 210 mi. @ 10¢	21.00
	Production foreman; clean well, potential test, set production equipment, and clean up location 52 hrs. @ 4.43	230.36
	Auto expense 72 mi. @ 10¢	7.20
		<u>1,858.67*</u>
	Total	<u>\$ 12,766.44</u>

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

MEMORANDUM

TO: Members of the Oil Conservation Commission
Governor Edwin L. Mechem, Chairman
Land Commissioner E. S. Johnny Walker, Member
A. L. Porter, Jr., Secretary-Director

FROM: Richard S. Morris, Attorney

SUBJECT: Cases Nos. 2415, 2416, 2446 and 2453, Applications
of Southwest Production Company for compulsory
pooling orders.

Attached to this memorandum are proposed orders to be entered in the subject cases each of which involves an application by Southwest Production Company for compulsory pooling of a standard 320-acre gas proration unit. In each of these cases approval of the application is recommended with certain reservations.

In the past, the Commission has ordered pooling of all mineral interests in a proposed proration unit without listing those interests which have not consented to voluntary pooling. This procedure might well result in the pooling of interests which were never given a fair chance to join the unit voluntarily.

In each of the proposed orders, however, pooling has been effected by itemizing the ownership and amount of each non-consenting mineral interest and ordering those interests pooled with the remainder of the mineral interest in each unit which the applicant alleges to own or have communitized. In this way,

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

Memorandum to Members of the
Oil Conservation Commission

only the non-consenting interests divulged by the applicant are subjected to compulsory pooling.

In each of these cases the applicant has requested permission to withhold the proceeds from production attributable to each non-consenting working interest until that interest's share of well costs are recovered, plus 10 percent of such share as a charge for supervision, plus another 25 percent as a charge for risk. The 10 percent figure is reasonable and has become standard in the Commission's compulsory pooling orders. The 25 percent charge for risk is reasonable also where the unit well has not yet been drilled, but where, as in each of these cases, the well was drilled and completed prior to the application for compulsory pooling, it does not seem reasonable to make any allowance for risk. The operator should have brought the application before the well was drilled and the risk run.

In summary, these proposed orders represent a departure from our past practice of pooling all mineral interests in a proposed proration unit, by itemizing the individual non-consenting interests that are being pooled. The orders also represent the Commission's attitude, here expressed for the first time, toward the disallowance of a charge for risk where the unit well was drilled and completed before the application for compulsory pooling.

December 20, 1961

ir/

VERITY, BURR & COOLEY
ATTORNEYS AND COUNSELORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

*Case
24 of 6*

GEO. L. VERITY
JOEL B. BURR, JR.
WM. J. COOLEY
NORMAN S. THAYER

October 25, 1961

TELEPHONE 325-1702

Oil Conservation Commission
of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Re: Application of Southwest Production
Company for hearing De Novo in
Case No. 2381

Gentlemen:

From reading the above referenced application you have observed that there are numerous conditions alleged therein which represent a considerable change from the conditions alleged in the original application of Southwest Production Company in the subject case.

In view of the above referenced changes of condition, we have come to the conclusion that the above referenced application for De Novo hearing should more properly be made as an application in a new case.

If you concur in our conclusion, please consider the application for De Novo hearing in case No. 2381 as an application in a new case based upon changes of condition and advertise the same accordingly.

Very truly yours,

VERITY, BURR & COOLEY
Attorneys for Southwest Production
Company

BY *William J. Cooley*
William J. Cooley

Doc. 24 of 6
10/25/61
WJC/dh

Southwest Production Company
3108 Southland Center
Dallas 1, Texas

Cost Statement
Forced Pooling, Order No. R-2151-A

Lease Name:

Irene Brown No. 1 (Mesa Verde)
E/2, Sec. 22-30N-12W
San Juan County, N.M.

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
134-61	Aspen Drilling Co., 9-16-61 Contract Drilling	\$ 17,500.00 17,500.00*
Stmt.	San Juan Engineering Co., 8-19-61 State location and survey elevation 2% N.M. School Tax	100.00 2.00 102.00*
BC 542052	Halliburton Co., 9-17-61 200 cu. Ft. Poz-Cem. N.M. Sales Tax	379.33 7.59 386.92*
CS 782143	Halliburton Co., 9-17-61 Cementing production string N.M. Sales Tax	637.00 12.74 649.74*
S501661	Halliburton Co., 9-17-61 4-1/2" Multi stage DV Cementer and bomb type plug set N.M. Sales Tax	404.00 8.08 412.08*
T169637	Halliburton Co., 9-17-61 Open hole test @ 3375' N.M. Sales Tax	466.00 9.32 475.32*
65622	Valley Steel Products Co., 9-19-61 Sale of thread protector	(15.60) (15.60)*
0-4632	E. L. Farmer & Co., 9-20-61 Haul casing from mill to well site	287.72 287.72*
56210	Industrial Supply Co., 9-22-61 3461'9" of 4-1/2" 10.50# J-55 8RTR-2 API CF&I SMLS casing ST/C @ 120.74 cft 2% N.M. Sales Tax	4,179.72 83.59 4,263.31*
C117	P&C, Inc., 9-25-61 Haul rig water 2% N.M. School Tax	38.50 .77 39.27*
9363	Arc Welding & Repair, 9-16-61 Cut off 4-1/2" casing N.M. Sales Tax	21.00 .42 21.42*

Southwest Production Company
3108 Southland Center
Dallas 1, Texas

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Cost Statement

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
29156	Industrial Supply Co., 9-30-61 6-4-1/2" Clark hinged Centralizers 10-4-1/2" Clark cement spinners Thread locking compound 4-1/2" Baker insert flexfill valve 4-1/2" OD RL 8rd Baker triplex cementing shoe 2% N.M. Sales Tax	93.00 99.50 8.50 45.75 267.15 10.28 524.18*
29159	Industrial Supply Co., 9-30-61 F Tubing head spool 10"x6" S/600 W/2-2" LPO/L 2-Cage nipples 2"x7" Cameron gate valve type F 2"x2-1/16" RD/O S/E incl. handwheel Valve tree cameron single string solid blk. btm. 2000# incl. handwheel Pilot bit 4-1/2" OP incl. wire retainer Less 1% freight allowance 2% N.M. Sales Tax	292.50 27.50 195.00 550.00 26.45 (5.50) 21.72 1,107.67*
29160	Industrial Supply Co., 9-30-61 Studs, nuts, tees and other misc. fittings 2% N.M. Sales Tax	105.80 2.12 107.92*
29161	Industrial Supply Co., 9-30-61 2-Gauges PR Marsh 4-1/2" Face 3000# @ 23.64 Hanger TBG FBB 6"x2-3/8" EUE Swage 2-3/8" EUE Pin x 1-1/2" Reg Box Slip & seal assy. 10"x4-1/2" incl Allen wrench Seal assy. type R 10"x4-1/2" Control plug 1/1/4" Bull plugs, needle valves, gasket rings Freight on 1450# @4.25 2% N.M. Sales Tax	47.28 59.92 22.33 235.40 80.01 18.35 44.25 61.63 11.38 580.55*
28797	Industrial Supply Co., 9-30-61 WF Casing head housing 10" S1600 x 9-5/8" Female w/2-2" LPO, studs, nuts, ring gasket Plug valve, nipple, bull plug Freight charges 2% N.M. Sales Tax	47.58 43.31 14.29 2.10 107.28*
757	Lohmann Oil Well Service, Inc., 9-30-61 Completion rig September 22 thru September 24 2% N.M. School Tax	1,773.97 35.48 1,809.45*
757-A	Lohmann Oil Well Service, Inc., 9-30-61 3rd party services - Guiberson Corp. Blank rubbers for blowout prevention 2% N.M. School Tax	82.50 1.65 84.15*
167-61	Aspen Drilling Co., 10-8-61 Day work September 16, 1961, 13-3/4 hrs. @ 35.42 1% N.M. School Tax	487.03 4.87 491.90*

Cost Statement

Lease Name: Irene Brown No. 1

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
--	J. L. Brown, 9-2-61 Surface damages	500.00 500.00*
14543	The Western Company, 10-12-61 Acid and acidmaster 2% N.M. Tax	580.00 11.60 591.60*
501722	Halliburton Co., 10-13-61 3-Stick Halliburton suds 1% City Tax and 2% N.M. State Tax	6.90 .21 7.11*
25	Kay, Inc., 10-15-61 Furnish D-6 cat, pull trucks, clean up location 2% N.M. School Tax	157.75 3.16 160.91*
3671	Panhandle Steel Products Co., 10-17-61 Cold weather gas production unit consisting of 16"x7-1/2' vertical 3-phase 1000# WP separator c/w 3-phase controls mounted on 30" x 7' indirect heater w/submerged choke and split coil bundle and all std. accessories 2-reinforced concrete foundation blocks 210 bbl. 1/4-3-3 API flat bottom welded steel storage tank 1" rolling line. 2" downcomer, 4' API landing, API stairway, tar paper, 2" stack valve 2% N.M. State Tax	4,154.19 40.00 1,188.50 267.08 113.00 5,762.77*
29163	Industrial Supply Co., 10-18-61 3409'8" of 1-1/2" 10 rd non EUE tubing 2.76# T&C w/J-55 couplings Freight from mill 9411# @ 1.62 cwt. Haul to location 2% N.M. Sales Tax	1,482.52 152.46 78.03 34.26 1,747.27*
29195	Industrial Supply Co., 10-25-61 Nipples, ells, unions, plugs and other misc. fittings 2% N.M. Sales Tax	100.27 2.01 102.28*
11157	Unitex Engineering Service, Inc., 10-25-61 Swabbing well 2% N.M. School Tax	61.00 1.22 62.22*
7644	Monarch Construction Co., 10-31-61 Fill with water & glycol and backfill ditch	55.70 55.70*
7646	Monarch Construction Co., 10-31-61 Connect Tank, clean & paint well head	218.50 218.50*

Cost Statement

Lease Name: Irene Brown No. 1

Page 4

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
J-10-1	Rental of 2-3/8" tubing for drill out string used for completion 9-23 thru 9-24	\$ 500.00 500.00*
J10-3	Drilling well overhead for the period September 8 thru October 23 (46/30 of \$250)	383.18 383.18*
J10-4	Direct salaries and auto expense charges stake location and make settlement for surface damages 4 hrs. @ \$7.41 Auto expense 30 mi. @ 10¢ Drilling engineer and geologist, check samples to TD and run casing 35 hrs, @ 6.41 Auto expense 60 mi. @10¢ Completion engineer, drill DV tool CO to TD and complete 56 hrs. @ 7.41 Auto expense 80 mi. @ 10¢ Production foreman, clean well, potential test, clean up location, and set production equipment 48 hrs. @ 4.43 Auto expense 60 mi. @ 10¢	29.64 3.00 224.35 6.00 414.96 8.00 212.64 6.00 904.59*
42672	Atomic Sign Service, 9-7-61 Metal well sign N.M. State Tax	12.50 .38 12.88*
29585	Industrial Supply Co., 10-31-61 Misc. fittings 21.20' of 1" std. black API line pipe T&C 168' of 2" std. API line pipe T&C 31'7" of 2-3/8" 4.70# Tubing T&C J-55 Freight on tubing from mill 149# @ 80¢ 2% N.M. Sales Tax	19.96 5.57 92.01 19.83 1.19 2.77 141.33*
29585	Industrial Supply Co., 11-21-61 Nipple, tee, pipe wrench 2% N.M. Sales Tax	6.61 .13 6.74*
111	Key, Inc., 10-31-61 D-6 cat to build tank pad and mix mud to dry on location cleanup 2% N.M. School Tax	192.00 3.84 195.84*
111-A	Key, Inc., 11-13-61 Haul cat to location Pull cat out of pit 2% N.M. School Tax	27.50 24.75 1.05 53.30*
114	Key, Inc., 11-13-61 Clean up location, build fire wall, dress area around tank battery 2% N.M. School Tax	238.80 4.78 243.58*

Cost Statement

Lease Name: Irene Brown No. 1

<u>Invoice No.</u>	<u>Description</u>	<u>Amount</u>
114-A	Key, Inc., 11-13-61 Pull cat from mud pit 2% N.M. School Tax	\$ 20.00 .40 20.40*
29198	Industrial Supply Co., 11-21-61 1/2 drum diethylene glycol 2% N.M. Sales Tax	58.89 1.18 60.07*
NL390	Unitex Engineering Service, Inc., 11-30-61 Bottom Hole pressure measurement 2% N.M. School Tax	79.00 1.58 <u>80.58*</u>
Total		<u><u>\$40,746.13</u></u>