

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,

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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

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November 13, 1961

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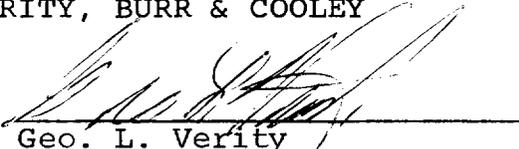
Gentlemen:

Enclosed herewith is application to terminate non-standard gas proration unit consisting of a portion of the E $\frac{1}{2}$ of Section 7, T-30-N, R-11-W, and requesting that such half section be force pooled.

The only interested parties in such application, other than the applicant are Harold Marion Brimhall and wife, Maleta Y. Brimhall, whose address is 6545 First Place, Phoenix, Arizona.

Very truly yours,

VERITY, BURR & COOLEY

By 
Geo. L. Verity

GLV:mts
Enc.

P. S. We have no objection to this matter being heard before the Trial Examiner.

*Do not
initial
12-1-61*

