

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. 4311

Order No. R-

APPLICATION OF C. E. LONG
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
February 25, 1960, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this day of March, 1960, 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, C. E. Long, seeks an order pooling
all mineral interests from the surface of the
ground down to the base of the Seven-River formation
underlying the S/2 NE/4 of Section 31, Township 21
South, Range 36 East, N.M.P.M., Lea County, New Mexico,
comprising the SE/4 NE/4 and the SW/4 NE/4 and the NE/4 SE/4
to form two 40-acre proration units for Cumant, oil
production to be dedicated to a well to be re-entered
in ~~the SE/4 NE/4~~ and a well to be re-entered or to be
drilled at a standard location in ~~the SW/4 NE/4~~
Section 31 or to form an 80-acre non-standard
gas proration unit comprising the S/2 NE/4 of
said Section 31, ~~in the event gas production~~
~~is encountered in the Cumant Gas Pool.~~

(3) That the applicant has the right to drill
and propose to re-enter or drill a well
in each of the above-said quarter-quarter
sections to test any and all formations,
particularly the Yates and Seven-River
formations, from the surface of the ground
down to the base of the Seven-River
formation.

(4) That there are interest owners in
the proposed spacing and proration units
who have not agreed to pool their interest.

(5) That the evidence indicates that the S/2 NE/4
of said Section 31 may be productive of gas
from ^{either or both of the} the Cumant Gas Pool and Jubmat Gas Pools.

(6) That the evidence indicates the SE/4 NE/4 and
the SW/4 NE/4 of said Section 31 may be
productive of oil from the Cumant ~~Gas Pool~~
~~Yates Seven River Pool~~ either or all of the
Cumant Gas Pool, Jubmat Gas Pool, or South-
Eumise Oil Pools.

to the base of the Seven-River formation

(7) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford ~~each owner~~ the owners of each interest in in the SE/4 NE/4 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in either or both of the Eumart and Jalmat Gas Pools, all mineral interests, whatever they may be in the said pools, within the SE/4 NE/4 of said Section 31 should be pooled.

(8) ~~That~~ That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the SE/4 ~~SW/4~~ ^{NE/4} of said Section ~~3~~ ³¹ the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in the ~~Drinkard, Paddock, Blinbry, and Tubb formations~~ ^{Eumart and Jalmat Gas Pools}, all mineral interests, whatever they may be in said ~~formations~~ ^{formations}, within the SE/4 ~~SW/4~~ ^{NE/4} of said Section ~~3~~ ³¹ should be pooled.

(9) ~~That~~ That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the NE/4 ~~SW/4~~ ^{NE/4} of said Section ~~3~~ ³¹ the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in the ~~Drinkard, Paddock, Blinbry, and Tubb formations~~ ^{Eumart and Jalmat Gas Pools}, all mineral interests, whatever they may be in said ~~formations~~ ^{formations}, within the NE/4 ~~SW/4~~ ^{NE/4} of said Section ~~3~~ ³¹ should be pooled.

(10) ~~That~~ That the applicants should be designated the operators of the subject wells and units.

(11) That any non-consenting working interest owner should be afforded the opportunity, to each well, to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(12) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be drilled in the SE/4 ~~SW/4~~ ^{NE/4} of said Section ~~3~~ ³¹ should have withheld from production from said well his share of the reasonable well

costs of said well plus an additional ~~40%~~ ^{50%} thereof as a reasonable charge for the risk involved in the drilling of the well.

(13) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be ~~drilled~~ ^{restarted or} drilled in the NE/4 ~~SW/4~~ ^{NE/4} of said Section ~~3~~ ³¹ should have withheld from production from said well his share of the reasonable well costs of said well plus an additional ~~40%~~ ^{50%} thereof as a reasonable charge for the risk involved in the drilling of the well.

(14) That any non-consenting interest owner should be afforded the opportunity, as to each well, to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(15) That following determination of reasonable well costs, as to each well, any non-consenting working interest owner that has paid his share of estimated costs should pay, as to each well, to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operators any amount that paid estimated well costs exceed reasonable well costs.

(16) That \$50.00 per month for each completed productive zone in each of the subject wells should be fixed as a reasonable charge for supervision of each of the subject wells; that the operators of the subject wells should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operators should be authorized to withhold from production the proportionate share of actual ~~operating~~ ^{operating and other} costs of ~~said wells~~ ^{said wells} attributable to each non-consenting working interest.

(17) That all proceeds from production from the subject wells 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 ~~SE/4 SW/4~~ ^{Eumart and Jalmat Gas Pools} underlying the ~~SE/4 SW/4~~ ^{SE/4 NE/4} of Section ~~3~~ ³¹, Township ~~4~~ ³ South, Range ~~3~~ ³ East, NMPM, Lea County, New Mexico, are hereby pooled to form an 80-acre non-standard gas proration unit for