

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:**

*See Also Order No. R-11573-A  
R-11573-B*

**CASE NO. 12601  
ORDER NO. R-11573**

**APPLICATION OF BETTIS, BOYLE & STOVALL FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on March 22, 2001, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this *26th* day of April, 2001, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Bettis, Boyle & Stovall, seeks an order pooling all uncommitted mineral interests from the surface to the base of the Undesignated South Flying "M" Bough Pool underlying the following acreage in Section 30, Township 9 South, Range 33 East, NMPM, Lea County, New Mexico:

- (a) Lots 3 and 4 (W/2 SW/4 equivalent) to form a standard 79.73-acre, more or less, stand-up oil spacing and proration unit for any pool within that vertical extent with special rules providing for development on 80-acre spacing, which presently includes only the Undesignated South Flying "M" Bough Pool; and
- (b) Lot 3 (NW/4 SW/4 equivalent) to form a standard 39.82-acre oil spacing and proration unit for formations and/or pools developed on 40-acre spacing within that vertical extent, which presently include the

any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(13) Reasonable charges for supervision (combined fixed rates) should be fixed at \$5,000.00 per month while drilling and \$500.00 per month while producing, provided that this rate should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "*Accounting Procedure-Joint Operations.*" The operator should be authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(14) All proceeds from production from the well that 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.

(15) If the operator of the pooled units fails to commence drilling the well to which the units are dedicated on or before August 1, 2001, or if all the parties to this forced pooling reach voluntary agreement subsequent to entry of this order, this order should become of no effect.

(16) The operator may request from the Division Director an extension of the August 1, 2001 deadline for good cause.

(17) The operator of the well and units should notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

**IT IS THEREFORE ORDERED THAT:**

(1) Pursuant to the application of Bettis, Boyle & Stovall, all uncommitted mineral interests, whatever they may be, from the surface to the base of the Undesignated South Flying "M" Bough Pool underlying the following acreage in Section 30, Township 9 South, Range 33 East, NMPM, Lea County, New Mexico, are hereby pooled in the following manner:

- (a) Lots 3 and 4 (W/2 SW/4 equivalent) to form a standard 79.73-acre, more or less, stand-up oil spacing and proration unit for any pool within that vertical extent with special rules providing for development on 80-acre spacing, which presently includes only the

completion of the well. If no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of the schedule, the actual well costs shall be the reasonable well costs; provided, however, that if there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(7) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator its share of the amount that estimated well costs exceed reasonable well costs.

(8) The operator is hereby authorized to withhold the following costs and charges from production:

- (a) the proportionate share of reasonable well costs attributable to each non-consenting working interest owner who has not paid its share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished; and
- (b) as a charge for the risk involved in drilling the well, 200 percent of the above costs.

(9) The operator shall distribute the costs and charges withheld from production to the parties who advanced the well costs.

(10) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$5,000.00 per month while drilling and \$500.00 per month while producing, provided that this rate shall be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "*Accounting Procedure-Joint Operations*." The operator is hereby authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(11) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8)-royalty interest for the purpose of allocating costs and charges under this order.

(12) Any well costs or charges that are to be paid out of production shall be