

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. 2415
Order No. R-2150

APPLICATION OF SOUTHWEST PRODUCTION
COMPANY FOR AN ORDER POOLING A 320-
ACRE GAS PRORATION UNIT IN THE BASIN-
DAKOTA 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 October 25, 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 21st day of December, 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, Southwest Production Company, seeks an order pooling all mineral interests in the Basin-Dakota Gas Pool in the E/2 of Section 14, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

(3) That the unknown heirs of Abas Hassan, deceased, own an undivided 25 percent mineral interest in 28 acres located in the W/2 SE/4 SE/4 of said Section 14; that the applicant has made diligent effort to locate said persons in order to secure their consent to the voluntary pooling of their interests in the proposed proration unit, but has been unable to do so.

(4) That the known and unknown heirs of D. M. Longstreet, deceased, own an undivided 50 percent mineral interest in 36 acres located in the N/2 SE/4 of said Section 14; that the applicant has made diligent effort to locate said unknown heirs in order to secure their consent to the voluntary pooling of their interests in the proposed proration unit, but has been unable to do so;

that applicant has made fair and reasonable offers to lease or to secure quit claim deeds from said known heirs, but has been unable to do so to date.

(5) That the applicant avers that Robert E. Goodwin, Alice L. Goodwin and Samuel Glenn Goodwin, if living, or their unknown heirs, if deceased, may assert some claim to a mineral interest in the E/2 SW/4 SE/4 of said Section 14, which claim applicant asserts to be invalid.

(6) That the applicant asserts ownership of the entire working interest in the Basin-Dakota Gas Pool in the E/2 of said Section 14 with the exception of the interests described in paragraphs 3 and 4 above.

(7) That in order to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the Basin-Dakota Gas Pool, the subject application should be approved by pooling all royalty interests and by pooling the working interests owned by the applicant with the working interest (seven eighths of the unleased interest) owned by the Hassan and Longstreet heirs.

(8) That the contingent interest of the Goodwins, as described in paragraph 5 above, should not be pooled inasmuch as it is not recognized by the applicant as valid.

(9) That the applicant proposes to dedicate the subject proration unit to its Pearl Wilkes Well No. 14 located in the NE/4 NE/4 of said Section 14, which well has been tested and is capable of producing from the Basin-Dakota Gas Pool.

(10) That the applicant seeks permission to withhold the proceeds from production attributable to seven eighths of each non-consenting unleased interest until such time as each interests' share of the costs of said well have been recovered, plus 25 percent thereof as a charge for the risk involved in the drilling of the well, plus 10 percent thereof as a charge for supervision.

(11) That the applicant should be authorized to withhold the proceeds from production attributable to seven-eighths of each non-consenting unleased interest until such time as each interest's share of the costs of said well have been recovered, plus 10 percent thereof as a reasonable charge for supervision; no charge for risk should be allowed inasmuch as no risk existed at the time the application in this case was filed, the unit well having been drilled and tested prior to that time.

(12) That the applicant should furnish the Commission and each known, non-consenting interest owner in the subject unit an itemized schedule of well costs within 30 days following the date of this order.

IT IS THEREFORE ORDERED:

(1) That the following mineral interests in the Basin-Dakota Gas Pool in the E/2 of Section 14, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a 320-acre gas proration unit in said pool:

- (a) All royalty interests;
- (b) The working interest of the unknown heirs of Abas Hassan, deceased, consisting of an undivided 25 percent interest in 28 acres located in the W/2 SE/4 SE/4 of said Section 14;
- (c) The working interest of the heirs of D. M. Longstreet, deceased, consisting of an undivided 50 percent interest in 36 acres located in the N/2 SE/4 of said Section 14; and
- (d) The working interest of Southwest Production Company, consisting of all of the working interest in the E/2 of said Section 14 with the exception of those interests described in subsections (b) and (c) above.

(2) That this order shall be without prejudice to the applicant's right to request Commission action if, and when, the ownership of the working interest in the subject unit is determined to differ from that set forth in paragraph (1) above.

(3) That any unsevered 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 the terms of this order.

(4) That the costs of development and operation of the pooled unit 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.

(5) That the costs of development and operation of the pooled unit shall be borne by each non-consenting working interest owner in the same proportion to the total costs that his acreage bears to the total acreage in the pooled unit, plus ten percent of such amount, as a charge for supervision.

(6) That any well costs or charges for supervision which are to be paid out of production shall be withheld only from the

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working interests' share of production from the pooled unit. No costs or charges shall be withheld from production attributable to royalty interests.

(7) That Southwest Production Company is hereby designated as the operator of said unit.

(8) That Southwest Production Company shall furnish the Commission and each known, non-consenting interest owner in the subject unit an itemized schedule of well costs within 30 days following the date of this order.

(9) 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

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

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

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