

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. 2453
Order No. R-2152

APPLICATION OF SOUTHWEST PRODUCTION
COMPANY FOR A COMPULSORY POOLING
ORDER, 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 December 12, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, 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, Elvis A. Utz, 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 by Order No. R-1991, entered in Case No. 2288 on June 8, 1961, the Commission, upon the application of Southwest Production Company, established a 300-acre non-standard gas proration unit in the Basin-Dakota Gas Pool comprising the E/2 of Section 7, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, except the S/2 SW/4 SE/4 thereof.

(3) That Southwest Production Company has made a continuing effort to lease or to obtain a communitization agreement with Harold M. Brimhall and Maleta Y. Brimhall, the owners of said S/2 SW/4 SE/4 excluded from the above-described proration unit, in order to form a standard 320-acre Dakota gas proration unit comprising the entire E/2 of said Section 7; that Southwest Production Company has made fair and reasonable offers to lease or communitize said acreage, but that the said Brimhalls have refused to accept said offers.

(4) That in the present application, Southwest Production Company seeks an order pooling all mineral interests in the E/2

of said Section 7 to form a 320-acre gas proration unit in the Basin-Dakota Gas Pool.

(5) That no appearance or protest was made by the said Brimhalls in this case.

(6) 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 the mineral interest of the said Brimhalls with the mineral interests owned or communitized by the applicant.

(7) That the applicant proposes to dedicate the subject 320-acre gas proration unit to its Pearl Wilkes Well No. 1, located 790 feet from the North line and 865 feet from the East line of said Section 7, which well has been tested and is capable of producing from the Basin-Dakota Gas Pool.

(8) 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 interest's 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.

(9) 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.

(10) 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 mineral interests owned by Harold M. Brimhall and Maleta Y. Brimhall in the S/2 SW/4 SE/4 of Section 7, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, are hereby pooled with the remaining mineral interests in the E/2 of said Section 7 owned or communitized by Southwest Production Company to form a standard 320-acre gas proration unit in the Basin-Dakota Gas Pool.

(2) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(3) 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.

(4) 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.

(5) That any well costs or charges for supervision which are to be paid out of production shall be withheld only from the working interest's share of production from the pooled unit. No costs or charges shall be withheld from production attributable to royalty interests.

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

(7) 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.

(8) 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

S E A L

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

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