

R CASE 5650: ROBINSON RESOURCE DEVELOP. t  
COMPANY, INC., FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO

CASE NO.

5650

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 17, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Robinson Resource  
Development Company, Inc. for  
compulsory pooling, Eddy County,  
New Mexico.

CASE  
5650

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

William F. Carr, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant:

Clarence Hinkle, Esq.  
HINKLE, BONDURANT, COX & EATON  
Attorneys at Law  
Hinkle Building  
Roswell, New Mexico

sid morish reporting service

General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

I N D E X

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MARK L. ROBINSON

Direct Examination by Mr. Hinkle

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Cross Examination by Mr. Nutter

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Applicant's Exhibit No. One, Lease Map

8

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1 MR. NUTTER: We will call Case 5650.

2 MR. CARR: Case 5650, application of Robinson  
3 Resource Development Company, Inc. for compulsory pooling,  
4 Eddy County, New Mexico.

5 MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant,  
6 Cox and Eaton appearing on behalf of Robinson Resource  
7 Development Company. We have one witness and one exhibit.

8 (THEREUPON, the witness was duly sworn.)  
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10 MARK L. ROBINSON

11 called as a witness, having been first duly sworn, was  
12 examined and testified as follows:  
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14 DIRECT EXAMINATION

15 BY MR. HINKLE:

16 Q State your name, your residence and your position  
17 with Robinson Resources?

18 A My name is Mark L. Robinson, I live in Roswell,  
19 New Mexico and I'm President of Robinson Resources Development  
20 Company.

21 Q Have you previously testified before the Commission?

22 A Yes, sir, I have.

23 Q And your qualifications as a petroleum geologist  
24 are a matter of record with the Commission?

25 A Yes, sir.

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23 A. Between the tenth and the fifteenth of April.

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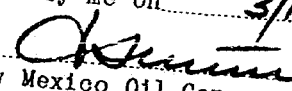
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21 MR. NUTTER: Does anyone have anything they wish  
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill and  
ability.

  
Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is  
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the Examiner hearing of Case No. 5650  
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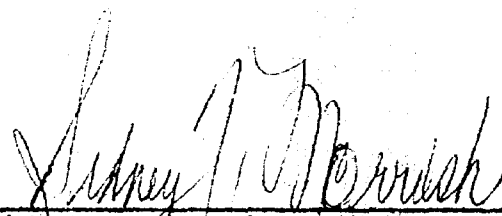
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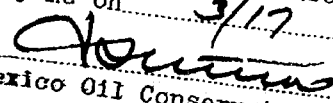
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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 8650  
heard by me on 3/17, 1976  
  
Examiner  
New Mexico Oil Conservation Commission



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. 5650  
Order No. R-5189

APPLICATION OF ROBINSON RESOURCE  
DEVELOPMENT COMPANY, INC. FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 17, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of March, 1976, 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, Robinson Resource Development Company, Inc., seeks an order pooling all mineral interests of Pennsylvanian age or older underlying the N/2 of Section 18, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, to be dedicated to a well to be drilled at a previously-approved unorthodox gas well location 1530 feet from the North line and 330 feet from the East line of said Section 18.
- (3) That the applicant has the right to drill and proposes to drill the aforesaid well.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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Case No. 5650  
Order No. R-5189

(6) That the applicant should be designated the operator of the subject well and unit.

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

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

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

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator 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.

(11) That \$1600.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) while drilling, and that \$250.00 per month should be fixed as a reasonable charge for supervision while producing; that the operator 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 operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well 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.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before May 1, 1976, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pennsylvanian formation underlying the N/2 of Section 18,

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Case No. 5650  
Order No. R-5189

Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a previously approved unorthodox location 1530 feet from the North line and 330 feet from the East line of said Section 18.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of May, 1976, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of May, 1976, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Commission and show cause why Order (1) of this order should not be rescinded.

(2) That Robinson Resource Development Company, Inc. is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

Case No. 5650  
Order No. R-5189

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

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

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$1600.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) while drilling, and that \$250.00 per month is hereby fixed as a reasonable charge for supervision while producing; that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) 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.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

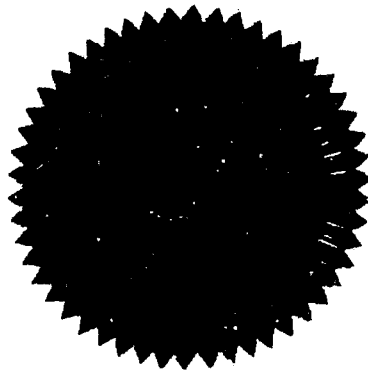
-5-

Case No. 5650  
Order No. R-5189

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(13) 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.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

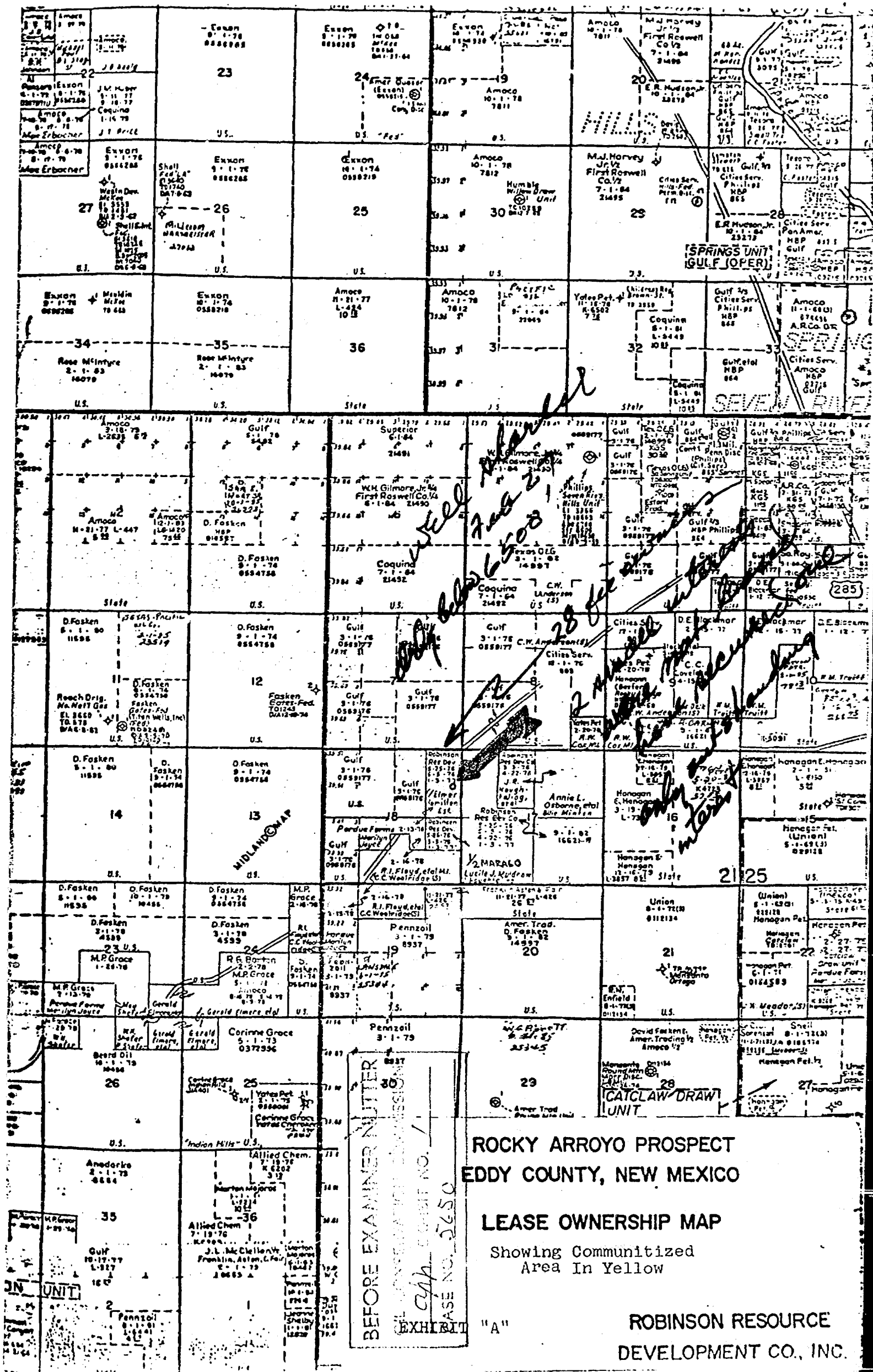
*Phil R. Lucero*  
PHIL R. LUCERO, Chairman

*Emery C. Arnold*  
EMERY C. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

dr/







Dockets Nos. 11-76 and 12-76 are tentatively set for hearing on March 31, 1976 and April 14, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

## DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 17, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Harold S. Miller, Examiner, or Richard L. Siskets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for April, 1976, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5636: (Continued & Readvertised)

Application of Julian Ard for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the center of the SW/4 SE/4 of Section 32, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico, in exception to the provisions of Rule 4, Order No. R-3850.

CASE 5641: (Continued from March 3, 1976, Examiner Hearing)

Application of John Yuronka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection to the Queen formation through the open-hole interval from approximately 3800 to 3875 feet in his State JC "T" Well No. 1 located in Unit B of Section 16, Township 23 South, Range 36 East, Langlie-Mattix Pool, Lea County, New Mexico.

- CASE 5645: Application of Amoco Production Company for suspension of Rules 14A and 15A of the gas proration rules, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks suspension for a period of one year from April 1, 1976, of those provisions of Rule 14A and 15A of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide for the cancellation of underproduction and the shutting-in of overproduced wells, as applied to the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

- CASE 5646: Application of Southern Union Gas Company for suspension of Rules 14A and 15A of the gas proration rules, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks suspension for a period of one year from April 1, 1976, of those provisions of Rules 14A and 15A of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide for the cancellation of underproduction and the shutting-in of overproduced wells, as applied to the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

- CASE 5647: Application of Griffin & Barnett, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Hagood Unit Area comprising 3,147 acres, more or less, of State and Federal lands in Township 26 South, Range 35 East, Lea County, New Mexico.

- CASE 5648: Application of Depco, Inc. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its DHY State Well No. 1, located in Unit F of Section 23, Township 19 South, Range 28 East, Eddy County, New Mexico, to produce gas from the Wolfcamp and Morrow formations.

- CASE 5649: Application of Harrington Transportation, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Llano, Inc. Leavitt Well No. 1, to be drilled 1930 feet from the North line and 1650 feet from the West line of Section 13, Township 18 South, Range 26 East, Eddy County, New Mexico, the W/2 of said Section 13 to be dedicated to the well.

- CASE 5650: Application of Robinson Resource Development Company, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the formations of Pennsylvanian age or older underlying the N/2 of Section 18, Township 21 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a previously approved unorthodox location in Unit H of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the applicant as operator of the well and a charge for the risk involved in drilling said well.

## BEFORE THE OIL CONSERVATION COMMISSION

## STATE OF NEW MEXICO

APPLICATION OF ROBINSON RESOURCE DEVELOPMENT COMPANY, INC. FOR COMPULSORY POOLING OF ALL MINERAL INTERESTS IN FORMATIONS OF PENNSYLVANIAN AGE OR OLDER UNDERLYING THE N $\frac{1}{2}$  SECTION 18, TOWNSHIP 21 SOUTH, RANGE 25 EAST, EDDY COUNTY, NEW MEXICO. ALSO TO BE CONSIDERED WILL BE THE COST OF DRILLING AND COMPLETING A WELL TO BE LOCATED 1530 FEET FROM THE NORTH LINE AND 330 FEET FROM THE EAST LINE OF SAID SECTION 18 PROJECTED TO TEST THE PENNSYLVANIAN FORMATION AND THE ALLOCATION OF THE COST THEREOF, AS WELL AS ACTUAL OPERATING COSTS, CHARGES FOR SUPERVISION; DESIGNATION OF APPLICANT AS OPERATOR AND A CHARGE FOR THE RISK INVOLVED IN DRILLING SAID WELL.

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Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Comes Robinson Resource Development Company, Inc., acting by and through the under signed attorneys and hereby makes application for compulsory pooling of all mineral interests in formations of Pennsylvanian age or older underlying the N $\frac{1}{2}$  Section 18, Township 21 South, Range 25 East, Eddy County, New Mexico. Also to be considered will be the cost of drilling and completing a well to be located 1530 feet from the north line and 330 feet from the east line of said Section 18 projected to test the Pennsylvanian formation and the allocation of the cost thereof, as well as actual operating costs, charges for supervision, designation of applicant as operator and a charge for the risk involved in drilling said well, and in support thereof respectfully shows:

1. There is attached hereto as Exhibit "A" a plat of the N $\frac{1}{2}$  Section 18, Township 21 South, Range 25 East, together with the proposed well location and the ownership of all leasehold interests within a radius of 2 miles from the N $\frac{1}{2}$  Section 18.

2. By Order R-5161 issued by the Commission on February 3, 1976 the unorthodox location for the purpose of drilling said well was approved.

*2/768 of the  
80 acres.*

3. The E $\frac{1}{2}$ NE $\frac{1}{4}$  said Section 18 is fee land and the W $\frac{1}{2}$ NE $\frac{1}{4}$  and NW $\frac{1}{4}$  are federal lands. The oil and gas leases covering the federal lands are owned by Gulf Oil Company and applicant owns oil and gas leases covering all of the minerals underlying the E $\frac{1}{2}$ NE $\frac{1}{4}$  of said section except the following:

Willie Coffey ----- 3/768  
Glenda Coffey Blevins ----- 3/768

*have lease  
opposite the line  
2 she refuses to*

That applicant has entered into a Communitization Agreement with Gulf Oil Company, which has been approved by the United States Geological Survey communitizing the entire N $\frac{1}{2}$  of said Section 18 and applicant has made a diligent effort to obtain oil and gas leases covering the above interests for the purpose of drilling said well, but applicant has been unsuccessful in obtaining the cooperation of said parties.

4. Applicant believes that the entire N $\frac{1}{2}$  said Section 18 will prove productive of gas in paying quantities from the Pennsylvanian formation and that the pooling of the mineral and leasehold interests within said half section will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. Applicant seeks compulsory pooling to form a standard spacing and proration unit as provided by Section 65-3-14 N.M.S.A. 1953 Comp. and in connection therewith consideration of the cost of drilling and completing said well, the proper allocation of the cost thereof, as well as the cost of operating said well and charges for supervision; Also to be considered is a charge for the risk involved in drilling the well and the approval of applicant as operator.

5. Applicant requests that this matter be included on the examiner's docket for March 17, 1976.

Respectfully submitted,

ROBINSON RESOURCE DEVELOPMENT COMPANY, INC.

By

*[Signature]*

HINKLE, BONDURANT, COX & EATON  
P.O. Box 10  
Roswell, New Mexico 88201  
Attorneys for Applicant



## BEFORE THE OIL CONSERVATION COMMISSION

## STATE OF NEW MEXICO

APPLICATION OF ROBINSON RESOURCE DEVELOPMENT COMPANY, INC. FOR COMPULSORY POOLING OF ALL MINERAL INTERESTS IN FORMATIONS OF PENNSYLVANIAN AGE OR OLDER UNDERLYING THE N $\frac{1}{2}$  SECTION 18, TOWNSHIP 21 SOUTH, RANGE 25 EAST, EDDY COUNTY, NEW MEXICO. ALSO TO BE CONSIDERED WILL BE THE COST OF DRILLING AND COMPLETING A WELL TO BE LOCATED 1530 FEET FROM THE NORTH LINE AND 330 FEET FROM THE EAST LINE OF SAID SECTION 18 PROJECTED TO TEST THE PENNSYLVANIAN FORMATION AND THE ALLOCATION OF THE COST THEREOF, AS WELL AS ACTUAL OPERATING COSTS, CHARGES FOR SUPERVISION; DESIGNATION OF APPLICANT AS OPERATOR AND A CHARGE FOR THE RISK INVOLVED IN DRILLING SAID WELL.

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Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Comes Robinson Resource Development Company, Inc., acting by and through the under signed attorneys and hereby makes application for compulsory pooling of all mineral interests in formations of Pennsylvanian age or older underlying the N $\frac{1}{2}$  Section 18, Township 21 South, Range 25 East, Eddy County, New Mexico. Also to be considered will be the cost of drilling and completing a well to be located 1530 feet from the north line and 330 feet from the east line of said Section 18 projected to test the Pennsylvanian formation and the allocation of the cost thereof, as well as actual operating costs, charges for supervision, designation of applicant as operator and a charge for the risk involved in drilling said well, and in support thereof respectfully shows:

1. There is attached hereto as Exhibit "A" a plat of the N $\frac{1}{2}$  Section 18, Township 21 South, Range 25 East, together with the proposed well location and the ownership of all leasehold interests within a radius of 2 miles from the N $\frac{1}{2}$  Section 18.

2. By Order R-5161 issued by the Commission on February 3, 1976 the unorthodox location for the purpose of drilling said well was approved.

3. The E $\frac{1}{2}$ NE $\frac{1}{4}$  said Section 18 is fee land and the W $\frac{1}{2}$ NE $\frac{1}{4}$  and NW $\frac{1}{4}$  are federal lands. The oil and gas leases covering the federal lands are owned by Gulf Oil Company and applicant owns oil and gas leases covering all of the minerals underlying the E $\frac{1}{2}$ NE $\frac{1}{4}$  of said section except the following:

Willie Coffey ----- 3/768  
Glenda Coffey Blevins ----- 3/768


That applicant has entered into a Communitization Agreement with Gulf Oil Company, which has been approved by the United States Geological Survey communitizing the entire N $\frac{1}{2}$  of said Section 18 and applicant has made a diligent effort to obtain oil and gas leases covering the above interests for the purpose of drilling said well, but applicant has been unsuccessful in obtaining the cooperation of said parties.

4. Applicant believes that the entire N $\frac{1}{2}$  said Section 18 will prove productive of gas in paying quantities from the Pennsylvanian formation and that the pooling of the mineral and leasehold interests within said half section will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. Applicant seeks compulsory pooling to form a standard spacing and proration unit as provided by Section 65-3-14 N.M.S.A. 1953 Comp. and in connection therewith consideration of the cost of drilling and completing said well, the proper allocation of the cost thereof, as well as the cost of operating said well and charges for supervision; Also to be considered is a charge for the risk involved in drilling the well and the approval of applicant as operator.

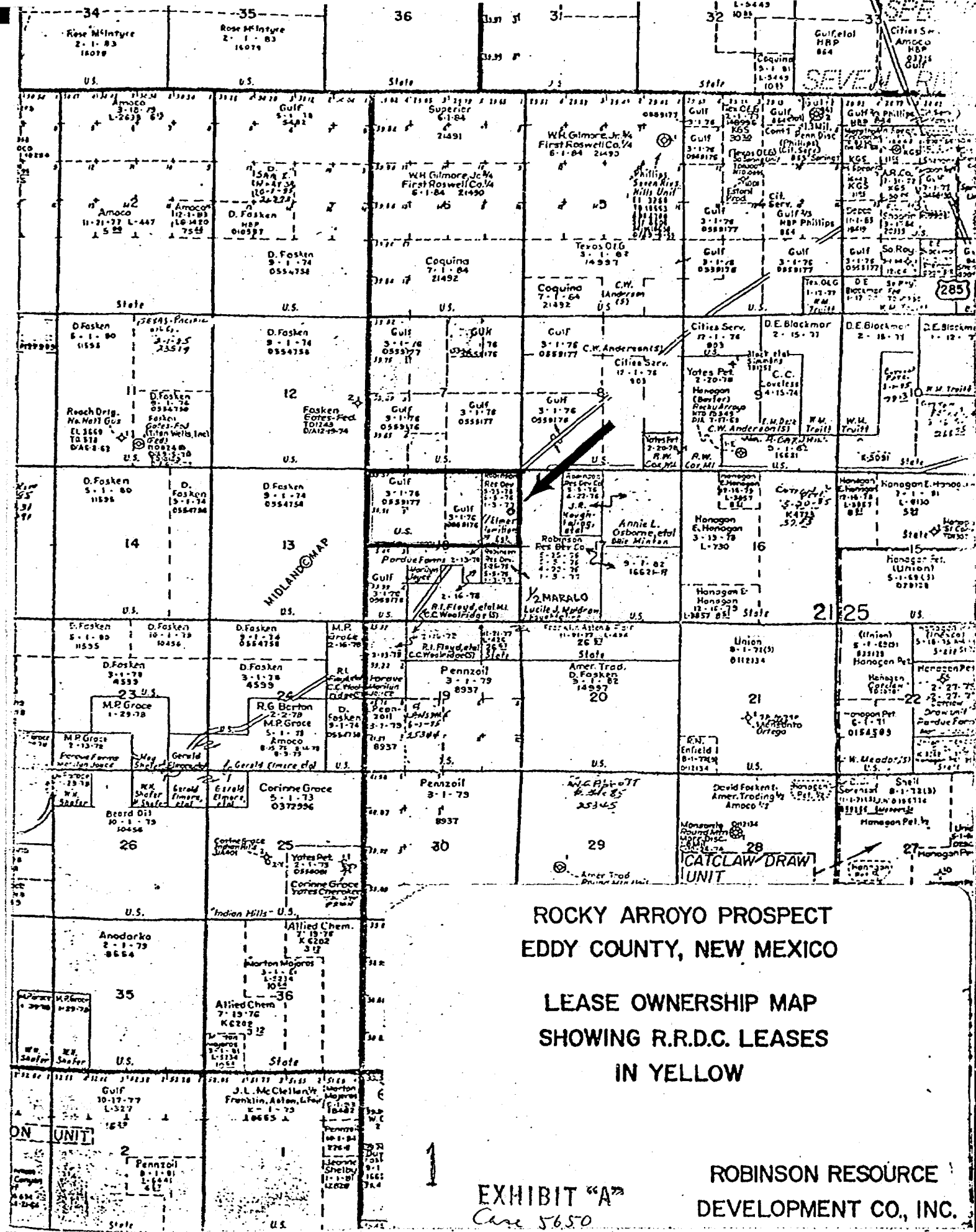
5. Applicant requests that this matter be included on the examiner's docket for March 17, 1976.

Respectfully submitted,

ROBINSON RESOURCE DEVELOPMENT COMPANY, INC.

By   
HINKLE, BONDURANT, COX & EATON  
P.O. Box 10  
Roswell, New Mexico 88201  
Attorneys for Applicant





## BEFORE THE OIL CONSERVATION COMMISSION

## STATE OF NEW MEXICO

APPLICATION OF ROBINSON RESOURCE DEVELOPMENT COMPANY, INC. FOR COMPULSORY POOLING OF ALL MINERAL INTERESTS IN FORMATIONS OF PENNSYLVANIAN AGE OR OLDER UNDERLYING THE N $\frac{1}{2}$  SECTION 18, TOWNSHIP 21 SOUTH, RANGE 25 EAST, EDDY COUNTY, NEW MEXICO. ALSO TO BE CONSIDERED WILL BE THE COST OF DRILLING AND COMPLETING A WELL TO BE LOCATED 1530 FEET FROM THE NORTH LINE AND 330 FEET FROM THE EAST LINE OF SAID SECTION 18 PROJECTED TO TEST THE PENNSYLVANIAN FORMATION AND THE ALLOCATION OF THE COST THEREOF, AS WELL AS ACTUAL OPERATING COSTS, CHARGES FOR SUPERVISION; DESIGNATION OF APPLICANT AS OPERATOR AND A CHARGE FOR THE RISK INVOLVED IN DRILLING SAID WELL.

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Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Comes Robinson Resource Development Company, Inc., acting by and through the under signed attorneys and hereby makes application for compulsory pooling of all mineral interests in formations of Pennsylvanian age or older underlying the N $\frac{1}{2}$  Section 18, Township 21 South, Range 25 East, Eddy County, New Mexico. Also to be considered will be the cost of drilling and completing a well to be located 1530 feet from the north line and 330 feet from the east line of said Section 18 projected to test the Pennsylvanian formation and the allocation of the cost thereof, as well as actual operating costs, charges for supervision, designation of applicant as operator and a charge for the risk involved in drilling said well, and in support thereof respectfully shows:

1. There is attached hereto as Exhibit "A" a plat of the N $\frac{1}{2}$  Section 18, Township 21 South, Range 25 East, together with the proposed well location and the ownership of all leasehold interests within a radius of 2 miles from the N $\frac{1}{2}$  Section 18.
2. By Order R-5161 issued by the Commission on February 3, 1976 the unorthodox location for the purpose of drilling said well was approved.

3. The E $\frac{1}{2}$ NE $\frac{1}{4}$  said Section 18 is fee land and the W $\frac{1}{2}$ NE $\frac{1}{4}$  and NW $\frac{1}{4}$  are federal lands. The oil and gas leases covering the federal lands are owned by Gulf Oil Company and applicant owns oil and gas leases covering all of the minerals underlying the E $\frac{1}{2}$ NE $\frac{1}{4}$  of said section except the following:

Willie Coffey ----- 3/768  
Glenda Coffey Blevins ----- 3/768

That applicant has entered into a Communitization Agreement with Gulf Oil Company, which has been approved by the United States Geological Survey communitizing the entire N $\frac{1}{2}$  of said Section 18 and applicant has made a diligent effort to obtain oil and gas leases covering the above interests for the purpose of drilling said well, but applicant has been unsuccessful in obtaining the cooperation of said parties.

4. Applicant believes that the entire N $\frac{1}{2}$  said Section 18 will prove productive of gas in paying quantities from the Pennsylvanian formation and that the pooling of the mineral and leasehold interests within said half section will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. Applicant seeks compulsory pooling to form a standard spacing and proration unit as provided by Section 65-3-14 N.M.S.A. 1953 Comp. and in connection therewith consideration of the cost of drilling and completing said well, the proper allocation of the cost thereof, as well as the cost of operating said well and charges for supervision; Also to be considered is a charge for the risk involved in drilling the well and the approval of applicant as operator.

5. Applicant requests that this matter be included on the examiner's docket for March 17, 1976.

Respectfully submitted,

ROBINSON RESOURCE DEVELOPMENT COMPANY, INC.

By 

HINKLE, BONDURANT, COX & EATON

P.O. Box 10

Roswell, New Mexico 88201

Attorneys for Applicant



DRAFT

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:

APPLICATION OF ROBINSON RESOURCE DEVELOPMENT  
COMPANY, INC. FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 5650

Order No. R- 5189

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 17, 1976  
at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this        day of March, 1976, 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, Robinson Resource Development Company, Inc.

seeks an order pooling all mineral interests Pennsylvanian  
age or older        underlying the N/2  
of Section 18, Township 21 South, Range 25 East,  
NMPM,       , Eddy County, New

Mexico, to be dedicated to a well to be drilled at a  
previously-approved unorthodox gas well location  
1530 feet from the north line and 330 feet from the  
East line of said Section 18.

AL (3) That the applicant has the right to drill and proposes to drill ~~well~~ the aforesaid well.

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

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

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

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

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

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator 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.

-3-  
Case No.  
Order No. R-

*while drilling, and that \$250.00 per month should be fixed as a reasonable charge for supervision while producing;*

(11) That \$1600.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) that the operator 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 operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well 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.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before May 1, 1976, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Pennsylvanian formation underlying the N/2 of Section 18, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, are hereby pooled to form a standard 320 - acre gas spacing and proration unit to be dedicated to a well to be drilled at a previously approved unorthodox location 1530 feet from the North line and 930 feet from the East line of said Section 18 PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of May, 1976, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pennsylvanian formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of May, 1976, Order (1) of this order shall be null and void and of no effect whatsoever; unless said operator obtains a time extension from the Commission for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Commission and show cause why Order (1) of this order should not be rescinded.  
Inc.

(2) That Robinson Resource Development Co., Inc. is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Commission and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Commission will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided



above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

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

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$1600.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

*while drilling, and that \$250.00 per month is hereby fixed as a reasonable charge for supervision while producing;*

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(10) 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.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(13) 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.