

Entered June 17, 1975



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. 5510
Order No. R-5042

APPLICATION OF C & K PETROLEUM,
INC., FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 10, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of June, 1975, 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 & K Petroleum, Inc., seeks an order pooling all mineral interests in the Strawn formation underlying the N/2 SW/4 of Section 27, Township 16 South, Range 37 East, NMPM, Casey-Strawn Pool, Lea County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location for said unit.
- (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 hydrocarbons 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.

(11) That \$1500.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) while drilling, and that \$180.00 per month should be fixed as a reasonable charge for supervision (combined fixed rates) after completion of the well; 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 September 15, 1975, 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 Strawn formation underlying the N/2 SW/4 of Section 27, Township 16 South, Range 37 East, NMPM, Casey-Strawn Pool, Lea County, New Mexico, are hereby pooled to form a standard

80-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location for said unit.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of September, 1975, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Strawn formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of September, 1975, Order (1) of this order shall be null and void and of no effect whatsoever;

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 C & K Petroleum, 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 \$1500.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) while drilling; and that \$180.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) after completion of the well; 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.

-5-

Case No. 5510
Order No. R-5042

(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 Lea 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.

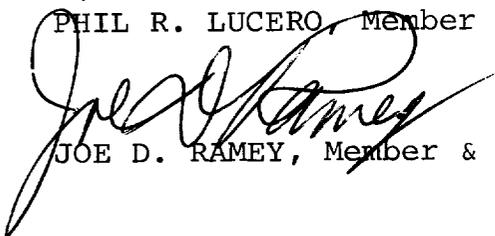
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. TRUJILLO, Chairman



PHIL R. LUCERO, Member



JOE D. RAMEY, Member & Secretary

S E A L

dr/

Entered November 19, 1968
A.P.

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. 3926
Order No. R-3562

THE APPLICATION OF THE OIL CONSERVATION
COMMISSION UPON ITS OWN MOTION FOR AN
ORDER CREATING AND EXTENDING CERTAIN
POOLS IN EDDY, LEA, AND ROOSEVELT
COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 13, 1968, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 19th day of November, 1968, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 there is need for the creation of a new gas pool in Lea County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of Anderson Ranch-Morrow Gas Pool. Said Anderson Ranch-Morrow Gas Pool was discovered by the Sunray DX Oil Company State Land "76" Com Well No. 1, located in Unit J of Section 2, Township 16 South, Range 32 East, NMPM. It was completed in the Morrow formation on November 19, 1966. The top of the perforations is at 12,160 feet.

(3) That there is need for the creation of a new oil pool in Eddy County, New Mexico, for the production of oil from the

Yeso formation, said pool to bear the designation of Five Mile-Yeso Pool. Said Five Mile-Yeso Pool was discovered by the John A. Yates Ferguson Well No. 1, located in Unit L of Section 7, Township 18 South, Range 26 East, NMPM. It was completed in the Yeso formation on July 2, 1968. The top of the perforations is at 2507 feet.

(4) That the proposed creation of a new pool in Section 30, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, for the production of oil from the Devonian formation should be dismissed inasmuch as said creation has been considered at a separate hearing.

(5) That there is need for the creation of a new oil pool in Lea County, New Mexico, for the production of oil from the Bough "C" formation, said pool to bear the designation of North Mescalero-Cisco Pool. Said North Mescalero-Cisco Pool was discovered by the Roger C. Hanks, Ltd., Zapata State Well No. 1, located in Unit A of Section 10, Township 10 South, Range 32 East, NMPM. It was completed in the Bough "C" formation on July 14, 1968. The top of the perforations is at 8900 feet.

(6) That there is need for the creation of a new gas pool in Lea County, New Mexico, for the production of gas from the Yates formation, said pool to bear the designation of Quail Ridge-Yates Gas Pool. Said Quail Ridge-Yates Gas Pool was discovered by the Sinclair Oil & Gas Company Mescalero Ridge Unit MA Well No. 31, located in Unit L of Section 21, Township 19 South, Range 34 East, NMPM. It was completed in the Yates formation on June 28, 1968. The top of the perforations is at 3952 feet.

(7) That there is need for certain extensions to the East Benson-Yates Pool, the Eagle Creek-San Andres Pool, the West Henshaw-Grayburg Pool, the Penasco Draw San Andres-Yeso Pool, and the Rock Tank-Lower Morrow Gas Pool, all in Eddy County, New Mexico, the Baum-Upper Pennsylvanian Pool, the Bronco-Wolfcamp Pool, the Cerca-Upper Pennsylvanian Pool, the Southwest Gladiola-Pennsylvanian Pool, the North Morton Permo-Pennsylvanian Pool, the Scarborough Yates-Seven Rivers Pool, the Tulk-Pennsylvanian Pool, the North Vacuum-Morrow Pool, and the Vada-Pennsylvanian Pool, all in Lea County, New Mexico, and the Chaveroo-San Andres Pool in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED:

(a) That a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production, is hereby created and

CASE No. 3926
Order No. R-3562

designated as the Anderson Ranch-Morrow Gas Pool, consisting of the following-described area:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 2: Lots 9, 10, 15, and 16

(b) That a new pool in Eddy County, New Mexico, classified as an oil pool for Yeso production, is hereby created and designated as the Five Mile-Yeso Pool, consisting of the following-described area:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 7: NW/4 SW/4

(c) That the proposed creation of a new oil pool in Lea County, New Mexico, classified as an oil pool for Devonian production designated as the West Lovington-Devonian Pool, consisting of the following-described area:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 30: SW/4

is hereby dismissed.

(d) That a new pool in Lea County, New Mexico, classified as an oil pool for Bough "C" production, is hereby created and designated as the North Mescalero-Cisco Pool, consisting of the following-described area:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 10: NE/4

(e) That a new pool in Lea County, New Mexico, classified as a gas pool for Yates production, is hereby created and designated as the Quail Ridge-Yates Gas Pool, consisting of the following-described area:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 21: SW/4

(f) That the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 5: SE/4
Section 8: NE/4

-4-

CASE No. 3926

Order No. R-3562

(g) That the East Benson-Yates Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 18: SE/4 NW/4 and S/2 NE/4

(h) That the Bronco-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 13 SOUTH, RANGE 38 EAST, NMPM

Section 14: NW/4

(i) That the Cerca-Upper Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM

Section 4: W/2

(j) That the Chaveroo-San Andres Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM

Section 24: N/2

Section 26: SW/4

(k) That the Eagle Creek-San Andres Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM

Section 23: SE/4 NW/4 and E/2 SW/4

(l) That the Southwest Gladiola-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 12 SOUTH, RANGE 37 EAST, NMPM

Section 27: S/2

(m) That the West Henshaw-Grayburg Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby

-5-

CASE No. 3926

Order No. R-3562

extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 5: Lot 16

(n) That the North Morton Permo-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 6: NW/4

(o) That the Penasco Draw San Andres-Yeso Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 30: SW/4 SW/4

(p) That the Rock Tank-Lower Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM
Section 6: All

(q) That the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 36: NE/4

(r) That the Tulk-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM
Section 22: SE/4
Section 23: SW/4

(s) That the North Vacuum-Morrow Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 11: S/2 NE/4 and SE/4

-6-

CASE No. 3926

Order No. R-3562

(t) That the Vada-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM

Section 19: SE/4

Section 33: N/2

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 29: N/2

Section 30: N/2

IT IS FURTHER ORDERED:

That the effective date of this order and all creations and extensions included herein shall be December 1, 1968.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


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

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