

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:)

CASE NO. 13,957

AMENDED APPLICATION OF ENERGEN RESOURCES)
CORPORATION TO AMEND THE COST RECOVERY)
PROVISIONS OF COMPULSORY POOLING ORDER)
NO. R-1960, TO DETERMINE REASONABLE)
COSTS, AND FOR AUTHORIZATION TO RECOVER)
COSTS FROM PRODUCTION OF POOLED MINERAL)
INTERESTS, RIO ARRIBA COUNTY, NEW MEXICO)

OFFICIAL EXHIBIT FILE
(1 of 2: Energen Exhibits)
EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Jr., Hearing Examiner

November 29th, 2007

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, Jr., Hearing Examiner, on Thursday, November 29th, 2007, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Secretary's Conference Room, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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STEVEN T. BRENNER, CCR
(505) 989-9317

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NMOCD CASE NO. 13957

Exhibit No.	Description
1.	Order of Commission dated May 5, 1961
2.	Energen Resources Exhibit
3.	Meridian Oil Letter dated March 17, 1992
4.	Meridian Oil Letter dated September 28, 1995
5.	Division Order dated November 1, 1961
6.	Meridian Oil, Inc. Transfer Order dated May 31, 1991
7.	Taurus Exploration, Inc. Letter dated February 13, 1998
8.	Energen Resources Letter dated October 26, 1998
9.	Sommer, Fox, Udall, Othmer & Hardwick Letter dated January 5, 1998
10.	Sommer, Fox, Udall, Othmer & Hardwick Letter dated June 15, 2001
11.	Sommer, Fox, Udall, Othmer & Hardwick Letter dated February 13, 2002
12.	Energen Resources Letter dated March 11, 2002
13.	Sommer, Fox, Udall, Othmer & Hardwick Letter dated August 16, 2002
14.	Sommer, Fox, Udall, Othmer & Hardwick Letter dated September 3, 2002
15.	Energen Resources Letter dated September 25, 2002

16. **Sommer, Fox, Udall, Othmer & Hardwick Letter dated October 15, 2002**
17. **Model Form Operating Agreement, McCroden C#1 dated March 1, 2006**
18. **Affidavit of J. Scott Hall dated November 26, 2007, Miller Stratvert Letters to Luis Martinez, Personal Representative of the Estate of Luis Martinez, Deceased dated July 9, 2007 and June 29, 2007 and a Letter from Miller Stratvert to JAS Oil and Gas Co., The Estate of Joseph A. Sommer, Deceased, Kurt Sommer, Personal Representative for the Joseph A. Sommer Revocable Trust dated June 29, 2007**
19. **Affidavit of Publication dated July 19, 2007**

ENERGEN 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. 2249
Order No. R-1960

APPLICATION OF SOUTHERN UNION
PRODUCTION COMPANY FOR AN ORDER
FORCE-POOLING A STANDARD 160-
ACRE GAS PRORATION UNIT IN THE
TAPACITO-PICTURED CLIFFS GAS
POOL, RIO ARRIBA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 19, 1961, at Santa Fe, New Mexico, before A. L. Porter, Jr., 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 5th day of May, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, A. L. Porter, Jr., 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, Southern Union Production Company, is the owner and operator of Federal Lease No. N.M. 014956, comprising the N/2 SW/4 of Section 2, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.
- (3) That the applicant seeks an order force-pooling all mineral interests in the Tapacito-Pictured Cliffs Gas Pool in the SW/4 of said Section 2, in order to form a 160-acre gas proration unit.
- (4) That inasmuch as denial of the subject application would deprive, or tend to deprive, the mineral interest owners in the above-described 160-acre tract of the opportunity to recover their just and equitable share of the hydrocarbons in the Tapacito-Pictured Cliffs Gas Pool, all mineral interests therein should be force-pooled.
- (5) That the applicant should furnish the Commission with an itemized schedule of well costs upon completion of a well on the subject gas proration unit.

IT IS THEREFORE ORDERED:

That the interests of all persons having the right to drill for, produce, or share in the production of hydrocarbons from the Tapacito-Pictured Cliffs Gas Pool underlying the SW/4 of Section 2, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, are hereby force-pooled to form a standard 160-acre gas proration unit comprising all of said acreage. Said unit is to be dedicated to a well to be located at an orthodox location thereon.

PROVIDED HOWEVER, That the proportionate share of 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.

NMOCD CASE #13957
ENERGEN RESOURCES
EXHIBIT

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COPY

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**POOR
COPY**

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CASE No. 2249
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PROVIDED FURTHER, That the proportionate share of the costs of development of the pooled unit, including a reasonable charge for supervision, shall be paid out of production by each non-consenting working interest owner and shall be 110 per cent of the same proportion to the total costs of drilling and completing the well that his acreage bears to the total acreage in the pooled unit.

PROVIDED FURTHER, That the share of the costs for development of the pooled unit, as determined above, which is to be paid by the mineral interest owners shall be withheld only from the working interests' share (7/8) of the revenues derived from the sale of the hydrocarbons produced from the well on the pooled unit. Royalty payments are not to be affected by the withholding of any funds for the purpose of paying out a proportionate share of the costs of development and operation of the pooled unit.

PROVIDED FURTHER, That the applicant shall furnish the Commission with an itemized schedule of well costs upon completion of a well on the subject gas proration unit.

IT IS FURTHER ORDERED:

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

S E A L