



STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

TONEY ANAYA  
GOVERNOR

July 5, 1983

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. Ernest L. Padilla  
Attorney at Law  
P. O. Box 2523  
Santa Fe, New Mexico

Re: CASE NO. 7885  
ORDER NO. R-7311

Applicant:

Basin Minerals, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Division order recently entered in the subject case.

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X  
Artesia OCD X  
Aztec OCD X

Other Andrew M. Ives

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 7885  
Order No. R-7311

APPLICATION OF BASIN MINERALS, INC.  
FOR COMPULSORY POOLING, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 25, 1983,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of July, 1983, the Division  
Director, 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 Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Basin Minerals, Inc., seeks an  
order pooling all mineral interests in the Pictured Cliffs  
formation underlying the SW/4 of Section 27, Township 31 North,  
Range 11 West, NMPM, San Juan County, New Mexico.

(3) That the applicant has the right to drill and  
proposes to drill a well at a standard location thereon.

(4) That there are royalty 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.

-2-

Case No. 7885

Order No. R-7311

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

(7) 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.

(8) 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 June 30, 1984, 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 Pictured Cliffs formation underlying the SW/4 of Section 27, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, are hereby pooled to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 30th day of June, 1984, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Pictured Cliffs formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 30th day of June, 1984, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division 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 Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Basin Minerals, Inc. is hereby designated the operator of the subject well and unit.

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

-3-

Case No. 7885

Order No. R-7311

(4) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY,  
Director