

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY DIRECTOR

P. O. BOX 871
SANTA FE

February 22, 1961

Mr. Jason Kellahin
Kellahin & Fox
Box 1713
Santa Fe, New Mexico

Re: Case No. 2173 and 2174
Order No. R-1880 and R-1881
Applicant:

Yates Petroleum Corp.

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other

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. 2173
Order No. R-1880

APPLICATION OF YATES PETROLEUM
CORPORATION FOR AN ORDER FORCE-
POOLING ALL MINERAL INTERESTS IN
A 322.5-ACRE GAS PRORATION UNIT
IN THE ATOKA-PENNSYLVANIAN GAS
POOL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 8, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 22nd day of February, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Yates Petroleum Corporation, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in the S/2 of Section 21, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, in order to form a 322.5-acre gas proration unit.
- (3) That inasmuch as the applicant has made diligent effort to secure the approval of all mineral interest owners to the formation of the above-described gas proration unit, all mineral interests therein should be force-pooled.
- (4) That denial of the subject application would deprive, or tend to deprive, the mineral interest owners in the above-described tract of the opportunity to recover their just and equitable share of the hydrocarbons in the Atoka-Pennsylvanian Gas Pool.

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CASE No. 2173
Order No. R-1880

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 Atoka-Pennsylvanian Gas Pool underlying the S/2 of Section 21, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, are hereby force-pooled to form a 322.5-acre gas proration unit comprising all of said acreage. Said unit is to be dedicated to the Yates Petroleum Corporation's Gushwa Well No. 1, located 1650 feet from the South line and 1650 feet from the East line of said Section 21.

PROVIDED HOWEVER, That the proportionate share of the cost of drilling and completing the well on the 322.5-acre tract 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.

PROVIDED FURTHER, That the proportionate share of the cost of drilling and completing said well which is to be paid out of production by each non-consenting working interest owner shall be 125 per cent of the same proportion to the total costs that his acreage bears to the total acreage in the pooled unit.


PROVIDED FURTHER, That the share of the well costs, 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 cost of drilling and completing said well.

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