

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. 2343
Order No. R-2042

APPLICATION OF SOUTHWEST PRODUCTION
COMPANY FOR AN ORDER POOLING A 300-
ACRE NON-STANDARD GAS PRORATION UNIT,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 19, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, 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 26th day of July, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Southwest Production Company, seeks an order pooling all mineral interests in a 300-acre gas proration unit in the Basin-Dakota Gas Pool, consisting of the E/2 of Section 7, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, excepting the S/2 SW/4 SE/4 thereof.
- (3) That the above-described 300-acre non-standard gas proration unit was established by Order No. R-1991, entered in Case No. 2288 on June 8, 1961.
- (4) That the applicant has attempted to secure the consent of all mineral interest owners in the subject proration unit, but that the interest, if any, owned by John J. (Juan J.) Moya and Helen Moya, has not been joined voluntarily in said unit.
- (5) That in order to protect correlative rights and to afford to the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense

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his just and fair share of the gas in the Basin-Dakota Gas Pool, the subject application should be approved.

(6) That the applicant proposes to drill a well on the subject proration unit.

(7) That the applicant should be designated the operator of the unit.

IT IS THEREFORE ORDERED:

(1) That all mineral interests in a 300-acre gas proration unit in the Basin-Dakota Gas Pool, consisting of the E/2 of Section 7, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, excepting the S/2 SW/4 SE/4 thereof, are hereby pooled.

(2) That Southwest Production Company is hereby designated the operator of said unit.

(3) 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.

(4) 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 percent of the same proportion to the total costs of drilling and completing a well on the unit that his acreage bears to the total acreage in the pooled unit.

(5) 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 withheld for the purpose of paying out the costs of development and operation of the pooled unit.

(6) That Southwest Production Company shall furnish the Commission an itemized schedule of well costs upon completion of a well on the subject unit.

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

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DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

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



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