

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF:

THE APPLICATION OF)
SOUTHWEST PRODUCTION COMPANY)
FOR AN ORDER FORCE POOLING THE)
EAST HALF (E $\frac{1}{2}$) OF SECTION 22,)
TOWNSHIP 30 NORTH, RANGE 12 WEST,)
N.M.P.M., IN SAN JUAN COUNTY,)
NEW MEXICO.)

No. 3416

A P P L I C A T I O N

Comes now the applicant, Southwest Production Company, a co-partnership consisting of Joseph P. Driscoll and John H. Hill, and for its application alleges and states:

1. That it is the owner of numerous oil and gas leases covering portions of the East Half (E $\frac{1}{2}$) of Section 22, Township 30 North, Range 12 West, N.M.P.M., in San Juan County, New Mexico, the validity of which is uncontested, and that it has entered into communitization agreements with the owners of leasehold and fee estates in certain other lands situated in the East Half (E $\frac{1}{2}$) of said Section 22, under the terms of which communitization agreements the applicant is constituted as the "Operator" thereof.

2. That it is the owner of certain other oil and gas leases covering various tracts of land situated in the East Half (E $\frac{1}{2}$) of said Section 22, wherein applicant is informed and believes, and on the basis of such information and belief alleges that person or persons unknown to the applicant claim some right, title and interest adverse to applicant's lessors. Applicant contends that the claims of interest of said person or persons

adverse to applicant's lessors would, if asserted, be of no force nor effect, but upon the contingency that such claims might be made and be found valid, applicant desires that the interest of any and all said persons be force pooled in accord with the Statutes of the State of New Mexico and the Rules and Regulations of the Oil Conservation Commission of New Mexico.

3. That the mineral ownership in the East Half ($E\frac{1}{2}$) of said Section 22 has been divided into numerous small and irregular tracts and although applicant verily believes the leases which it holds, together with the interests of other persons with which it has entered into communitization agreements comprise the total mineral interests underlying the East Half ($E\frac{1}{2}$) of said Section 22, there is a possibility that all of said mineral interests are not either under lease to or communitized with the interests of applicant, and, upon such contingency, applicant desires that any such unleased or uncommunitized tract also be force pooled under this application.

4. That applicant is planning to drill a well to the Mesa Verde formation in the Northeast Quarter of the Northeast Quarter ($NE\frac{1}{4}NE\frac{1}{4}$) of said Section 22 and to dedicate the entire East Half ($E\frac{1}{2}$) of said section to said well, and in view of this and the further fact that it owns the great majority of the leasehold rights therein, the Commission should appoint applicant as the "Operator" of said pooled unit.

5. That there will be considerable risk involved in the drilling of the above referenced well and that under the Statutes of the State of New Mexico and the Rules and Regulations of the Oil Conservation Commission applicant is entitled to and should be allowed to take and receive for its own use $7/8$ ths of any and all production had from the above referenced well until such time as it has been reimbursed in an amount equal to 125% of its

actual cost of drilling, completing, equipping and operating said well plus reasonable compensation for the supervision thereof.

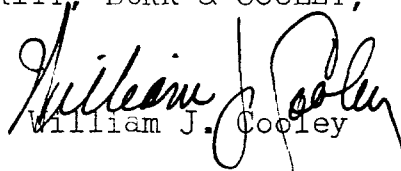
6. That the force pooling order herein requested is necessary in order to prevent waste and in order to protect the correlative rights of applicant.

WHEREFORE, applicant prays that this application be set down for hearing at the earliest possible date; that due notice thereof be given in accord with the Rules of this Commission and the Laws of the State of New Mexico; and that after hearing, and from the evidence to be adduced thereat, this Commission enter its order force pooling the Mesa Verde formation underlying the above described land.

Respectfully submitted,

VERITY, BURR & COOLEY,

By


William J. Cooley

ATTORNEYS FOR APPLICANT,
SOUTHWEST PRODUCTION COMPANY