Case No.

1211

Application, Transcript,
Small Exhibits, Etc.

THE CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

April 24, 1957

COPY

Mr. Jason Kellahin
P.O. Box 597
Santa Fe, New Mexico

Dear Sir:

On behalf of your client, W. P. Carr, we enclose two copies of Order R-981 issued April 23, 1957, by the Oil Conservation Commission in Case 1211, which was heard on February 20th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bo
Encls.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1211
Order No. R-981

APPLICATION OF W. P. CARR FOR AN ORDER FORCE POOLING THE N/2 OF SECTION 10, TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM, SAN JUAN COUNTY, NEW MEXICO, OR IN THE ALTERNATIVE FOR THE APPROVAL OF A NON-STANDARD DRILLING AND PRORATION UNIT CONSISTING OF THE N/2 OF SECTION 10 LESS THAT PORTION OF THE S/2 NW/4 THEREOF LYING WEST OF THE DENVER AND RIO GRANDE RAILWAY RIGHT-OF-WAY.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on February 20, 1957, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 23rd day of April, 1957, 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 case and the subject matter thereof.

(2) That the applicant is the owner of the NE/4, N/2 NW/4, SE/4 NW/4 and that portion of the SW/4 NW/4 included in the Denver and Rio Grande Railway right-of-way, and that the ownership of the remaining acreage in the SW/4 NW/4 of Section 10, consisting of approximately 37.38 acres, is broken up in townsite lots in the Town of Aztec.

(3) That to locate and secure leases from the owners of the aforementioned townsite lots would be an undue burden and expense on the applicant.

(4) That the N/2 of said Section 10 should be pooled in order to secure each of the owners therein of his fair share of the oil and gas lying thereunder within the limits of the Blanco Mesaverde Gas Pool.

IT IS THEREFORE ORDERED:

1. That the interests of all persons having the right to drill for, produce, or share in the production of oil, gas, and liquid hydrocarbons, or any of them, in the Blanco Mesaverde Gas Pool underlying the N/2 of Section 10, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, be and the same are hereby pooled, and that W. P. Carr be and the same is hereby designated as the operator of said pooled unit until further order of the Commission.

2. That the production from the said unit be allocated to the owners of each tract in the unit in the same proportion that the acreage in each tract bears to the total acreage in the unit.

3. That the cost of drilling and operating the unit well (including a reasonable charge for supervision) shall be borne by the owners of each tract in the unit in the same proportion that the acreage in each tract bears to the total acreage in the unit. Said cost to be payable either:

(a) In cash when billed for the same by the operator, or

(b) Out of production to the extent of 125% of each owner's proportionate share of the cost as calculated in the above prescribed manner.

(c) Each owner shall notify the Commission and the operator of his election within six months of the date of this order. If no election is made within the time prescribed above, the operator shall be charged under the provisions of sub-paragraph (b) above.

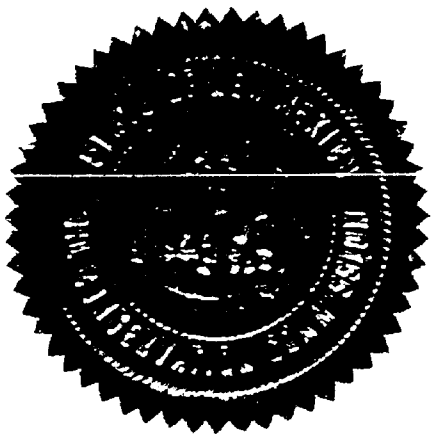
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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



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No. 6-57

DOCKET: EXAMINER HEARING FEBRUARY 20, 1957

New Mexico Oil Conservation Commission 10:00 a. m., Santa Fe, New Mexico

Oil Conservation Commission Office, Room 109, Santa Fe, New Mexico

The following cases will be heard before Daniel S. Nutter, Examiner:

CASE 1209: Application of Amerada Petroleum Corporation for an order establishing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool in exception to Rule 5 (a) of the New Mexico Oil Conservation Commission Special Rules and Regulations for said pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the N/2 of Section 3, Township 26 South, Range 37 East, Lea County, New Mexico; said acreage to be dedicated to applicant's C. C. Cagle "C" No. 1 Well located 990 feet from the North line and 990 feet from the West line of said Section 3. The NE/4 of said Section 3 is not presently within the horizontal limits of the Jalmat Gas Pool.

CASE 1210: Application of Neville G. Penrose, Inc. for permission to dually complete its Hinton No. 10 Well in the Blinebry Oil Pool and the Tubb Gas Pool, Lea County, New Mexico, in exception to Rule 112-A of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Hinton No. 10 Well, located in the NW/4 NW/4 of Section 13, Township 22 South, Range 37 East, Lea County, New Mexico. Applicant proposes to produce oil from the Blinebry Oil Pool through the tubing by means of a cross over assembly, and gas from the Tubb Gas Pool through the tubing to the producing zone of Blinebry Oil Pool and thence through the casing-tubing annulus to the surface by means of a cross-over assembly.

CASE 1211: Application of W. P. Carr for an order force pooling certain acreage in the Blanco Mesaverde Gas Pool, San Juan County, New Mexico; or in the alternative for approval of a non-standard drilling and proration unit of less than 320 acres in said Blanco Mesaverde Gas Pool. Applicant, in the above-styled cause, seeks an order force pooling all interests in oil or gas or both of them in that portion of the Blanco Mesaverde Gas Pool underlying the N/2 of Section 10, Township 30 North, Range 11 West, San Juan County, New Mexico; or in the alternative for approval of a non-standard drilling and proration unit consisting of the N/2 of said Section 10 less that portion of the S/2 NW/4 thereof lying west of the Denver and Rio Grande Railway right-of-way and designated as "Town of Aztec and Townsite lots - - 37.36 acres;" said acreage to be dedicated to applicant's Hampton No. 3 Well located 790 feet from the North line and 1550 feet from the East line of said Section 10.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 4-10-57

CASE 1211 Hearing Date 2-20-57

My recommendations for an order in the above numbered cases are as follows:

I recommend that the N/2 of sec. 10, 30N-11W be force pooled as requested by the applicant. W. P. Carr.

Staff Member

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

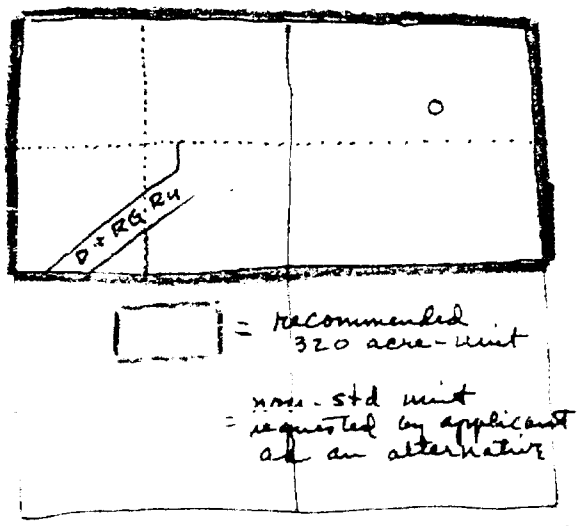
Date 4/5/57

CASE 1211 Hearing Date 2/20/57

My recommendations for an order in the above numbered cases are as follows:

Enter an order pooling all of the owners interests in the N/2 of Section 10, T 30N, R 11W, San Juan County, New Mexico, insofar as the oil and gas rights of the ~~Point~~ Mesaverde formation are concerned.

Applicant requested pooling of all said interests or in the alternative, approval of a nonstandard 320 proration unit consisting of the NE/4 of said Section as well as the N/2 NW/4, SE/4 NW/4, and that portion of the SW/4 NW/4 underlying the D + RG Ry right-of-way.



Applicant maintains that that part of the SW/4 NW/4 of the section which does not underlie the right of way is subdivided into town lots in the town of Aztec, and that these individual lots are so small and numerous that the cost of securing the lease rights would be too high to warrant the attempted leasing of the small lots.

Staff Member

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date_____

CASE 1211 - continued Hearing Date_____

My recommendations for an order in the above numbered cases are as follows:

This is probably true, especially considering that the unit production will be gas and not oil.

The various small tract owners nevertheless should each own a proportionate share of the gas reserves ~~will~~ underlying the North half of Section 10, and should be afforded every opportunity to share in the unit well's production.

Pooling of all interests would serve to offer ~~to~~ each owner the easiest method of sharing in said reserves, and will be in the best interests of ~~the Commission's~~ the protecting of correlative rights as the Commission is charged to do.

Formation of the non-standard unit, while not closing the door to the owners of the small tracts to come in later and share in the production, might discourage such action as the feeling may exist in their minds that once the well is drilled and a non-standard unit assigned to the well, other acreage would be barred from sharing. It would be ridiculous of course to say that the well would drain only that acreage assigned to it, if the NS unit were formed.

In the formation of a forced-pooled 320 acre unit, each tract should share in the production ~~that~~ in the proportion that that tracts total acreage bears to 320 acres, and each tract should also share in the cost of drilling the well in the proportion that that tracts total acreage multiplied by 1.25 bears to the 320 acres. Provision should be made so that the proportionate share may be paid out of production.

Staff Member

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case No. 1211

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE - SANTA FE
3-6691 2-2211

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF: Application of W. P. Carr for an order force pooling certain acreage in the Blanco Mesaverde Gas Pool, San Juan County, New Mexico; or in the alternative for approval of a non-standard drilling and proration unit of less than 320 acres in said Blanco Mesaverde Gas Pool. Applicant, in the above-styled cause, seeks an order force pooling all interests in oil or gas or both of them in that portion of the Blanco Mesaverde Gas Pool underlying the N/2 of Section 10, Township 30 North, Range 11 West, San Juan County, New Mexico; or in the alternative for approval of a non-standard drilling and proration unit consisting of the N/2 of said Section 10 less that portion of the S/2 NW/2 thereof lying west of the Denver and Rio Grande Railway right-of-way, and designated as "Town of Aztec and Townsite Lots -- 37.36 acres;" said acreage to be dedicated to applicant's Hampton No. 3 Well located 790 feet from the North line and 1550 feet from the East line of said Section 10.	CASE NO. 1211

BEFORE:

Mr. Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: Case No. 1211.

MR. COOLEY: Case No. 1211. Application of W. P. Carr for an order force pooling [illegible] in the Blanco Mesaverde

Gas Pool, San Juan County, New Mexico; or in the alternative for approval of a non-standard drilling and proration unit of less than 320 acres in said Blanco Mesaverde Gas Pool.

MR. KELLAHIN: Jason D. Kellahin representing W. P. Carr. I have one witness, Mr. Mr. Cummins, I would like to have sworn.

(Witness sworn.)

DIRECT EXAMINATION

BY: MR. KELLAHIN:

Q Will you state your name, please?

A M. L. Cummins.

Q Where do you live, Mr. Cummins?

A Durango, Colorado.

Q What business are you engaged in?

A Real estate and oil property.

Q In connection with your real estate business, have you represented the applicant, W. P. Carr?

A Yes, I took a block of leases for him surrounding the town of Aztec in 1952.

Q And did that block of leases include the area in the N/2 of Section 10, in Township 30 North, Range 11 West?

A It did.

Q Are you familiar with the lease situation as to that acreage,

Mr. Cummings? A Yes, sir.

Q Are you familiar with the application which has been filed in this case? A Yes.

Q Referring to the plat which has been attached to the application, Mr. Cummins, will you state whether that fairly represents the lease ownership in the N/2 of Section 10?

A Yes, sir.

Q What is the condition as to lease ownership in the N/2 of the section, and the SE/4 of Section 10?

A Well, the NE/4 was not leased because it was old town lots.

Q I am referring to the N/2 of the section, and the SE/4.

A Southwest, well, it was -- I took leases on everything with the exception of the SW/4 of the NW/2.

Q In other words, M. P. Carr now owns, holds leases on all of the acreage with the exception of the NW/4 of the --

A NW/4.

Q --NW/4, is that correct?

A That he holds a lease on [illegible] right-of-way through there, which [illegible] on two or three acres.

Q And from the railroad right-of-way he holds no other lease on the N/2 of the NW/4, is that correct?

Q Now, can you tell the Commission what efforts you made and what you found as to the ownership in the SW/2 of the NW/4?

A Well, I believe that there will probable be a hundred owners on that thirty-seven acre tract.

Q How is that acreage divided up?

A Well, in town lots, and, oh, I think that you have about four ownerships to an acre there. That is, four building sites to an acre, and it is practically improved. Some of it is under FHA and GI, and you have subrogation agreements in there to get, if you did happen to get a lease from the owner.

Q FHA and GI, you mean that the property is --

A Developed, yes, sir.

Q There are houses on it?

A Yes, sir, lots of houses on it.

Q Did you make any effort then to find the ownership of those lands?

A No, that's too damn tough. I backed away from it.

Q Did you make any estimate then as to the cost of securing those leases, Mr. [illegible]?

A I figured it would take [illegible] for abstract and legal work, without the expense, and [illegible] -[illegible], [illegible] is, the man that [illegible] in the [illegible].

Q [illegible] how much?

A Around $50.00 an acre for abstracting, or $50.00 a lease, and then your legal expense would run around $100.00.

Q A lease? A Yes.

Q And how many leases did you say you thought you had?

A I imagine about a hundred in there.

Q Mr. Cummins, did you so advise Mr. Carr in connection with that? A Yes, sir.

Q How long have you been engaged in this lease business?

A Oh, since about 1949.

Q And how long have you worked in the area of the Townsite of Aztec?

A Oh, about, took the better part of a year to put those leases together.

Q That is not in Section 10, but --

A I think it is around thirty-six hundred, yes, sir.

Q I am asking these questions, Mr. Cummins, to view your qualifications for making this estimate. A Yes.

Q Are you, in connection with this [illegible], familiar with [illegible] generally [illegible]

A Yes.

Q Are you familiar with the prices paid for leases?

A Yes, sir.

cost each owner?

A On a town-basis like that, you probably give them $10.00 an individual bonus.

Q And on the basis of the cost of abstracting, which you have given us, the cost of legal fees and the cost of the lease for each lease secured, would you consider that a reasonable price to pay for leases on the area included there?

A Yes.

Q I mean, would it be a reasonable price compared to the cost of other leases?

A Well, I am basing it on leases that we took on that area. See, a lot of the tracts in that area were one-acre, two-acre, and ten-acre.

Q But what I am -- The question, I believe you misunderstood my question, Mr. Cummins, let me restate it. Taking the cost of the abstract, which you have stated, per lot, the cost of the legal fees per lot, and the cost of the lease per lot, what would the cost of those leases be per acre, where you are able to see [illegible]

[illegible]

[illegible]

[illegible]

MR. NUTTER: Is that per acre, or is that --

A Per acre.

MR. COOLEY: Three fifty.

Q (By Mr. Kellahin): Now, on the basis of securing other leases there, is $350.00 a reasonable price to pay for an acre?

A Oh, hell no.

Q Now, Mr. Cummins, in connection with the application which has been filed here, the applicant asks for forced pooling on the acreage on which he does not presently own, and the applicant further asks the Commission to set a reasonable provision for the allocation of well costs [illegible] have you any suggestions [illegible]

A Well, [illegible]

proration

A Carr hasn't any acreage with the exception of the right-of-way in that quarter section.

MR. [illegible]: [illegible].

A [illegible], this is [illegible].

MR. ROBINSON: [illegible].

A That is [illegible].

[illegible]

Q: [illegible]:

Q [illegible] about [illegible] acreage [illegible] lease [illegible].

A [illegible].

Q [illegible] -- [illegible]

A [illegible] Mary [illegible] Sheppard Lease.

Q -- [illegible]. Yes. A [illegible] acres.

Q [illegible] 32. [illegible] as shown [illegible] east of the right-of-way.

A Yes, sir.

MR. [illegible]: In other words, that [illegible] of the railroad right-of-way is included in the 32.1 acres. The plat indicates that Mary Sheppard owns --

A That belongs to the Mary Sheppard Lease.

Q It is included in the 32.1 acres?

A That's right.

MR. [illegible]: Anyone else have any questions.

MR. SCOLLY: I have some questions.

MR. [illegible]: Mr. Scoly.

[illegible]:

[illegible] of the 1/2 [illegible] 1/4 [illegible]

[illegible]

[illegible]

[illegible]

Q You gave an estimate of seventy thousand dollars per well in the Mesaverde wells in this area. How long do you estimate that a well like that would take to pay out. Are you qualified to answer that sort of question?

A Well, not too well.

MR. COOLEY: Strike the question please.

Q Yet, you estimate that a hundred and twenty-five percent out of production would be --

A That's the policy, because on several occasions, Mr. Carr has taken leases in that area and he had to pay one hundred and twenty-five per cent to get back in the unit, once it was a fellow named Larker.

Q In a voluntary communization plus this one hundred and twenty five per cent out of production --

A That is what it would cost him on this one particular well that I have in mind. It was an ownership by Shamrock and Southern Union.

Q Mr. Carr entered into a voluntary communization agreement?

A Yes, that's right.

Q In the event this average, this forced pooling would be approved, is Mr. Carr's [illegible]

A [illegible] you further refer to his attorney on that.

Q [illegible] Mr. Carr's stipulation [illegible]

a lot of money. It would seem a useless part or gesture.

Q Would that be more desirous, to maintain a bond over a period of years, [illegible] and to attribute to that 37.36 three hundred and tenth per cent of the production after the pay out?

MR. HEBLAND: The question that comes to my mind, Mr. Nutter, is this: If he opens a trust account and deposits the money, and Mr. Carr I am certain is presently willing to do so, there should be a termination date set on that in some fashion, otherwise, you have a trust account sitting in the bank in Aztec, or wherever the trust may be designated, who would hold that money from now until -- It would never be claimed by anyone.

MR. NUTTER: So that you would recommend that if a trust fund should be set up, it should have a limitation of time on how long it should be maintained?

MR. HEBLAND: I have [illegible] I think it should be left to the [illegible] to how it should be handled.

MR. [illegible]: [illegible] you would keep the proceeds and pro[illegible] long should be maintain the [illegible]

MR. [illegible]: [illegible] explored. As a matter of fact, [illegible]

MR. [illegible]

[illegible]

[illegible] . It is a question [illegible]

[illegible] question [illegible] manner [illegible]

[illegible].

Q: [illegible]:

Q Mr. [illegible], I made a [illegible] provided the [illegible] [illegible] 20% of [illegible] to acquire the lease. I wonder if you would go through there again, what the individual cost would be and how they would total $10.00 per acre?

A I figured that your distributing per unit would run at $50.00 a unit.

Q That's a drilling [illegible] contract?

A Yes, [illegible] that you done for contract work.

Q [illegible] was that? A $10.00.

A [illegible]

that per building -- A [illegible] per acre.

Q Well now, those don't total up, Mr. Cummins.

A You will run into some where you will get a group probably of three or four lots.

Q Were the legal fees $100.00 per acre, or $100.00 per unit?

A $100.00 per portion that an individual owned.

MR. COOLEY: There must be some mistake, that would figure out to $600.00 per acre plus the cost of the lease. That would be pretty close to $100.00 per acre for legal fees, but at $100.00 per unit, four times a hundred would be $400.00 and four times fifty would be $200.00, and you get $600.00 there.

MR. MANKIN: There are some cases there is one per acre, and in some cases, four per acre.

MR. HUTTER: Rather than going into the detail of how you built up the cost, would you leave the cost stand. Your estimate would be $350.00 per acre to acquire the leases?

A Yes, sir.

MR. HUTTER: Does anyone also have any questions of the witness?

MR. [illegible]: [illegible] questions.

BY: MR. [illegible]:

Q Is there a dispute [illegible] the cost of seventy thousand dollars on this well?

A No, I based it on some -- a well that he drilled, and several others in the area.

Q Why do you want the Commission to determine cost when there is no dispute?

A I don't know.

MR. COOLEY: The application does not request determination of cost, Mr. Mankin.

MR. MANKIN: Mr. Kellahin read from the application for the determination of cost.

MR. COOLEY: Allocation, percentage allocation and the actual cost of the well are two different things.

MR. MANKIN: Since there is no dispute, I don't believe there is any question over here.

MR. NUTTER: The application clearly requests that provisions be made for the allocation of the cost, which could be on a percentage basis rather than an actual dollars and cents value. I think the record indicates that one and a forth is the established price per voluntary communization in the area, one and a fourth per cent.

MR. KELLAHIN: Again, if there is no dispute, the Commission would have no jurisdiction as to the percentage of the cost.

MR. COOLEY: The Commission will determine these matters.

MR. NUTTER: Are there any other questions? Mr. Kellahin,

your application asked for forced pooling, or in the alternative, a non-standard drilling unit consisting of less than 320 acres. Does Mr. Carr have a preference as to which course to be followed?

MR. KELLAHIN: Yes, I think Mr. Carr would prefer to have the forced pooling on account of the factor of recovering this well's costs.

MR. NUTTER: Under the condition you enumerated a while ago?

MR. KELLAHIN: I would like to make a statement in connection with that, however, could I go off the record a moment?

MR. NUTTER: Off the record.

(Discussion off the record.)

MR. KELLAHIN: In connection with the application, the application would seem to indicate that the only area affected is that portion of the S/2 of the NW/4 lying west of the Denver and Rio Grand Railroad right-of-way. As the record will show, Mr. Carr owns a lease covering that portion lying west of the railroad right-of-way in the SE/4 of the NW/4. The application would further seem to indicate that the only land left then would be that lying west of the railroad right-of-way in the SW/4 of the NW/4. There is, however, a small triangle lying to the east of the railroad right-of-way in the SW/4, which Mr. Carr does not own under lease. In connection with that, I do not believe that the scope of the application

would be affected, nor would the advertising be affected by that condition. For this reason, the application for forced pooling was made and advertised as including the entire N/2 of the section, and adequate notice was given. Insofar as the alternative proposal of the non-standard unit is concerned, the deletion of the small triangle lying east of the railroad right-of-way in the SW/4 NW/4 would further restrict the application rather than expand the scope of the hearing, and I do not feel again, that the hearing has been improperly advertised.

Now, in connection with the application as a whole, I would like to state that Mr. Carr would prefer forced pooling of the N/2 of Section 10 involved here. The suggestions which have been made as to the allocation of well costs are merely a suggestion and of course, Mr. Carr will accept any disposition of that point made by the Commission, and I might add that the provision in the application asking for allocation of well cost was made at the request of the Commission, that it might be determined at this time, and if the Commission sees fit, and I think it will probably do so, until a dispute arose on well cost, I personally do not feel that there is any necessity for such a determination to be made in connection with this hearing. In so far as the handling of any funds in concerned, after the cost of the well has been recovered, again, Mr. Carr will abide by any determination

made by the Commission. I do think it highly impracticable to require him to hold the money, or post a bond due to the fact that the small interest involved in that area are so infinitesimal individually, that there is extreme doubt that anyone would ever come in and ask for a share in production of that well, and those funds would be tied up, or Mr. Carr would be burdened with the cost of a bond needlessly, and certainly, he has enough property in this immediate area that they will be paid their proration share of production if they ask for it, if they pay their proportioned share of the well.

MR. UTZ: Mr. Kellahin, why do you feel that these people would not make claim on that oil well?

MR. KELLAHIN: Well, Mr. Utz, I think it wouldn't be an oil well, I think it would be a gas well, and being a gas well with the revenues divided from this gas well in the San Juan Basin, any share they might get would be so small, that it would be very doubtful that they would ask for and go to the cost of bringing their abstract up to date, and furnish their title information, and in many cases, obtaining a subrogation clause in their mortgage in order to qualify for participation of the well.

MR. LUTTER: Approximately what percentage of the production of the well would one-fourth acre building lot unit bring?

MR. KELLAHIN: I am sorry, Mr. Lutter, I can't answer

that.

MR. NUTTER: Would be in the neighborhood of one-thousandth in the production?

MR. UTZ: In other words, you feel that it would be sending a nickle after a dime?

MR. KELLAHIN: Yes, sir.

MR. COOLEY: I have one question. I would like to clarify here, in the event the Commission chooses to grant a non-standard unit rather than forced pooling, would you please outline again what acreage in the NW/4 of Section 10 would be included in the non-standard unit?

MR. KELLAHIN: The NW/4 of Section 10?

MR. COOLEY: Yes, sir.

MR. KELLAHIN: All of the NW/4 of Section 10 would be included with the exception of the SW/4 lying outside the Denver and Rio Grande Railway right-of-way, and Mr. Cummins in his statement stated that he would furnish a survey description of the portion.

MR. COOLEY: All of the Quarter Section?

MR. KELLAHIN: The Quarter-Quarter Section, that being the SW/4 of the NW/4 would be excluded from the unit, except the railroad right-of-way. Mr. Carr holds a lease on the railroad right-of-way.

MR. NUTTER: Does anyone else have any questions of the witness or the counsel? If not, the witness and the counsel may be excused. We will take the case under advisement, and the hearing is adjourned.

****

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me; and that same is a true and correct record to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal, this the 5th day of March, 1957, in the City of Albuqerque, County of Bernalillo, State of New Mexico.

J. A. Trujillo
NOTARY PUBLIC

My Commission Expires:

October 5, 1957

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

APPLICATION

Comes now W. P. Carr and applies to the Commission for an order force pooling all interests in oil or gas or both of them in and to the N/2 of Section 10, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, or in the alternative, for an order approving a drilling and proration unit of less than 320 acres for the production of gas, associated liquid hydrocarbons, and oil from the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico, as an exception to Order R-128-D, and in support thereof, would show:

1. That applicant is the owner of oil and gas leases on all acreage in the N/2 of said Section 10 with the exception of 37.36 acres as hereinafter shown.

2. That diligent effort has been made to obtain leases on the balance of the lands within the n/2 of said Section 10 without success.

3. Attached hereto and made a part hereof is a plat, showing ownership of all lands in the N/2 of said Section 10, insofar as applicant has been able to determine such ownership. That portion of the S/2 N/4 designated as "Town of Aztec and Townsite Lots -- 37.36 acres" is unleased according to applicant's best information and belief; the owners thereof are so numerous and diverse that it is impractical to obtain leases thereon, and applicant has been unable to obtain the names of the owners thereof.

4. That applicant desires to drill a well to the Mesaverde common source of supply upon the lands held by him.

5. That the pooling of all interests in said proposed unit insofar as the Blanco-Mesaverde formation as that formation has been defined by the Commission is concerned, is in the interest of conservation, and would prevent waste.

6. In the alternative, that the approval of a non-standard drilling and proration unit is necessary, in the event said acreage is not pooled, in order that applicant will not be deprived of his right to drill for and produce the oil or gas or both of them underlying his lands.

WHEREFORE, applicant prays the Commission set this matter for hearing before an examiner in Santa Fe, New Mexico, in accordance with law, and after notice and hearing, enter its order force pooling all interests in and to the N/2 of Section 10, Township 30 North, Range 11 West, N.M.P.M., together with such provision or provisions as may be proper for the allocation of costs, as provided by law; or in the alternative, enter its order approving a non-standard drilling and proration unit of less than 320 acres, said unit to consist of the N/2 of Section 10, Township 30 North, Range 11 West, N.M.P.M., less that portion of the S/2 NW/4 of said section lying west of the Denver and Rio Grande Railway right-of-way, and designated as "Town of Aztec and Townsite Lots -- 37.56 acres" as shown on the plat attached hereto, as an exception to the pool rules of the Blanco Mesaverde Gas Pool as contained in Order No. R-128-D.

Respectfully submitted,

[illegible]

By Jason W. Kellahin
Jason W. Kellahin
P. O. Box 597
Santa Fe, New Mexico

Attorney for applicant

Oil Conservation [illegible]

Well Location and/or Gas Pr[illegible]

Operator W. P. Carr Lease [illegible]

Well No. 3 Section 10 Township 30 N

Located 710 Feet From North Line, [illegible]

San Juan County, New Mexico. G. L. [illegible]

Name of Producing Formation Mesaverde Pool [illegible]

(Note: All distances must be from outer bo[illegible]