

CASE 3199: Appli. of SINCLAIR OIL  
& GAS CO. for a 240-acre non-  
standard gas proration unit.

CASE NO.

3199

Application,

TRANSCRIPTS,

SMALL Exhibits

ETC.

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. 3199  
Order No. R-2867

APPLICATION OF SINCLAIR OIL & GAS  
COMPANY FOR A NON-STANDARD GAS PRO-  
RATION UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 27, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 11th day of February, 1965, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Sinclair Oil & Gas Company, seeks approval of a 240-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4 and the N/2 SW/4 of Section 20, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, to be dedicated to its William H. Harrison "C" WN Well No. 3 located in Unit L of said Section 20.

(3) That the proposed non-standard proration unit can be efficiently and economically drained and developed by the subject well.

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable

-2-

CASE No. 3199

Order No. R-2867

share of the gas in the pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 240-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4 and the N/2 SW/4 of Section 20, Township 24 South, Range 37 East, NMFM, Lea County, New Mexico, is hereby created and dedicated to the Sinclair Oil & Gas Company William H. Harrison "C" WN Well No. 3 located in Unit L of said Section 20.

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

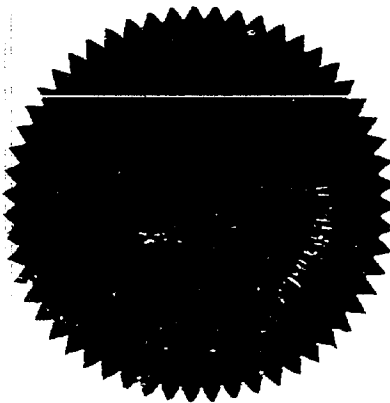
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Jack M. Campbell*  
JACK M. CAMPBELL, Chairman

*Guyton B. Hays*  
GUYTON B. HAYS, Member

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



esr/

State of New Mexico  
Oil Conservation Commission



P. O. BOX 2088  
SANTA FE

OTHER \_\_\_\_\_

Case 3199

Heard 1-27-65

Rec. 1-27-65

1. Grant Sindain ce. NSP for their  
Wm. H. Harrison "C" WM # 3 L-20-245370.  
The unit N/2 SW/4 & NW/4 said sec. 20.  
240 Ac M.O.P. in Jaluit Gas Pool.

Mustard

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

31961  
LEGAL DIVISION  
PHONE 827-2741

January 4, 1965

C  
O  
P  
Y  
  
Sinclair Oil & Gas Company  
P. O. Box 1920  
Hobbs, New Mexico

DOCKET MAILED

Attention: Mr. Fred Burns

Re: Application for a 240-acre Non-Standard  
Gas Proration Unit, Jalmat Gas Pool, Lea  
County, New Mexico

Gentlemen:

We have the above application concerning your Wm. H.  
Harrison "C" WH Well No. 3.

As Rule 5(B) of the General Rules and Regulations for  
Prorated Gas Pools in Southeastern New Mexico provides that  
not more than 160 acres may be assigned to a well located  
660-660 from the boundary lines of the proration unit, your  
application is not eligible for administrative approval.  
We have, therefore, docketed your application for the  
examiner hearing tentatively scheduled for January 27,  
1965. Please advise us if this date is not satisfactory.

Very truly yours,

J. M. DURRETT, Jr.  
Attorney

JMD/esr

cc: Oil Conservation Commission  
P. O. Box 1980  
Hobbs, New Mexico



SINCLAIR OIL & GAS COMPANY

Box 1920  
Hobbs, New Mexico  
December 28, 1964

AMC  
DEC  
1964

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Re: Application for a Non-standard  
Gas Proration Unit to be assigned  
Sinclair's Wm. H. Harrison "C" WN  
No. 3 in the Jalmat Pool, Lea  
County, New Mexico

Dear Sir:

Sinclair Oil & Gas Company wishes to make this application for an order under Rule R-520 which will establish a Non-standard Gas Proration Unit of 240 acres to be assigned to subject well.

In this connection Sinclair wishes to state:

1. Sinclair is the Operator of the Wm. H. Harrison "C" WN No. 3 which is located in Unit L of Section 20, T24S, R37E, Lea County, New Mexico.
2. The Non-standard Proration Unit Sinclair seeks to have assigned to subject well consists of Sinclair's Wm. H. Harrison "C" WN lease which contains 240 acres and is located in N/2 SW/4 & NW/4 of Section 20, T24S, R37E. Subject well is located 660 feet from south line and 660 feet from west line of this Unit. Subject well was originally drilled and completed in the Langlie Mattix Pool on August 8, 1937. It is proposed that subject well will be dually-completed in the Jalmat and Langlie Mattix Pools.
3. The length or width of the proposed Unit does not exceed 5280'. Both the royalty and leasehold interests are common under this proposed Unit.
4. All the acreage within the proposed Unit may reasonably be presumed productive of gas.
5. The proposed Unit lies wholly within a single governmental section and consists of contiguous quarter-quarter sections.
6. The proposed Unit is shown on the enclosed plat, and by copy of this letter of application all operators owning interests in this section and all operators within 1500' of the proposed unit are notified by certified mail of the intent of Sinclair to form the proposed non-standard gas proration unit.



Page No. 2

Sinclair, therefore, requests that the Secretary of the Commission approve the above described non-standard gas proration unit.

Very truly yours,



Fred Burns  
District Superintendent

FB:DF:jl

Attachments

Orig. & cc: OCC-Santa Fe  
2 cc: OCC-Hobbs  
cc: Offset operators  
cc: RFS, File



SINCLAIR OIL & GAS COMPANY

Box 1920  
Hobbs, New Mexico  
December 28, 1964

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

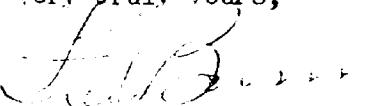
Re: Application for dual completion,  
Wm. H. Harrison WN No. 3, Lea  
County, New Mexico

Dear Sir:

Attached is Sinclair's application for dual completion for Wm. H. Harrison WN No. 3, located in Unit L, Section 20, T24S, R37E, Lea County, New Mexico. Sinclair plans to complete this well in the Jalmat and Langlie Mattix Pools. It is anticipated that both zones will be gas completions. Approval has been granted previously for these zones in Western Natural Gas Company's Toby No. 1 by Order No. DC 262.

Also attached is a plat showing the immediate area around the lease and a diagram of the proposed dual completion. It is respectfully requested that Sinclair be granted administrative approval for this application.

Very truly yours,

  
Fred Burns  
District Superintendent

FB:DF:jl

Attachments

Orig. & cc: OCC-Santa Fe  
2 cc: OCC-Hobbs  
cc: Offset Operators  
cc: PPS, File

## NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

7-3-58

APPLICATION FOR DUAL COMPLETION 22 3199

Field Name <b>Jalmat Gas &amp; Langlie Mattix</b>		County <b>Lea</b>	Date <b>December 28, 1964</b>
Operator <b>Sinclair Oil &amp; Gas Company</b>		Lease <b>William H. Harrison "C" WN</b>	Well No. <b>3</b>
Location of Well	Unit <b>L</b>	Section <b>20</b>	Township <b>24S</b>
		Range <b>37E</b>	

1. Has the New Mexico Oil Conservation Commission heretofore authorized the dual completion of a well in these same pools or in the same zones within one mile of the subject well? YES ☒ NO ☐

2. If answer is yes, identify one such instance: Order No. DC 262; Operator, Lease, and Well No.:

Western Natural Gas Co., Toby No. 1

3. The following facts are submitted:	Upper Zone	Lower Zone
a. Name of reservoir	Jalmat	Langlie Mattix
b. Top and Bottom of Pay Section (Perforations)	2830 to 3060	3425 to 3465
c. Type of production (Oil or Gas)	Gas	Gas
d. Method of Production (Flowing or Artificial Lift)	Flowing	Flowing

4. The following are attached. (Please mark YES or NO)

- \_\_\_\_\_ a. Diagrammatic Sketch of the Dual Completion, showing all casing strings, including size and setting, top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent.
- \_\_\_\_\_ b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
- \_\_\_\_\_ c. Waivers consenting to such dual completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.\*

Not Avail. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed, it shall be submitted as provided by Rule 112-A.)

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

Texas Pacific Oil Co., P. O. Box 1069, Hobbs, New Mexico

Late Oil Co., P. O. Box 670, San Angelo, Texas

Continental Oil Co., P. O. Box 460, Hobbs, New Mexico

Southern Petroleum Exploration Inc., Eunice, New Mexico

Cities Service Oil Co., P. O. Box 69, Hobbs, New Mexico

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES ☒ NO ☐ . If answer is yes, give date of such notification \_\_\_\_\_

CERTIFICATE: I, the undersigned, state that I am the District Superintendent of the Sinclair Oil & Gas Company (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Fred Burns Signature

\* Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed dual completion will result in an unorthodox well location and/or a non-standard proration unit in either or both of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

NUMBER OF COPIES RECEIVED	
DISTRIBUTION	
STATE	
FILE	
U.S.G.S.	
LAND OFFICE	
TRANSPORTER	
OIL	
GAS	
PRODUCTION OFFICE	
OPERATOR	

**NEW MEXICO OIL CONSERVATION COMMISSION**  
**WELL LOCATION AND ACREAGE DEDICATION PLAT**  
 SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

FORM C-128  
 Revised 5/1/57

*3199*

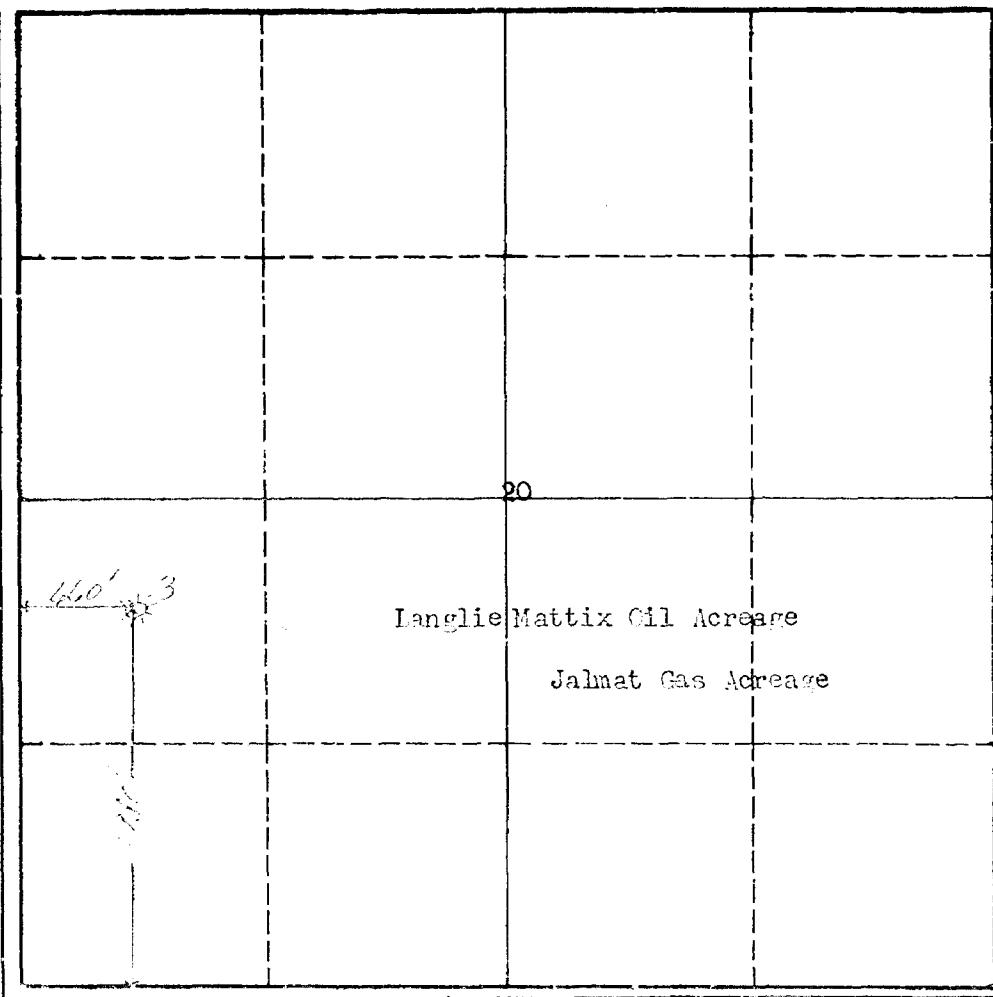
**SECTION A**

Operator <b>Sinclair Oil &amp; Gas Company</b>		Lease <b>Wm. H. Harrison "C" WN</b>		Well No. <b>3</b>
Unit Letter <b>L</b>	Section <b>20</b>	Township <b>24S</b>	Range <b>37E</b>	County <b>Lea</b>
Actual Footage Location of Well: 1980 feet from the south line and 660 feet from the west line				
Ground Level Elev. <b>3294</b>	Producing Formation <b>Tansil &amp; Yates</b>		Pool <b>Jalmat Gas Pool</b>	Dedicated Acreage: <b>240</b> Acres

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES ☒ NO ☐ ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES ☐ NO ☐ If answer is "yes," Type of Consolidation \_\_\_\_\_
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

**SECTION B**



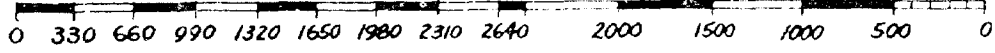
**CERTIFICATION**

I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

Name <b>District Superintendent</b>
Position <b>Sinclair Oil &amp; Gas Co.</b>
Company <b>December 28, 1964</b>
Date

I hereby certify that the well location shown on the plat in SECTION B was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
Registered Professional Engineer and/or Land Surveyor
* over
Certificate No.

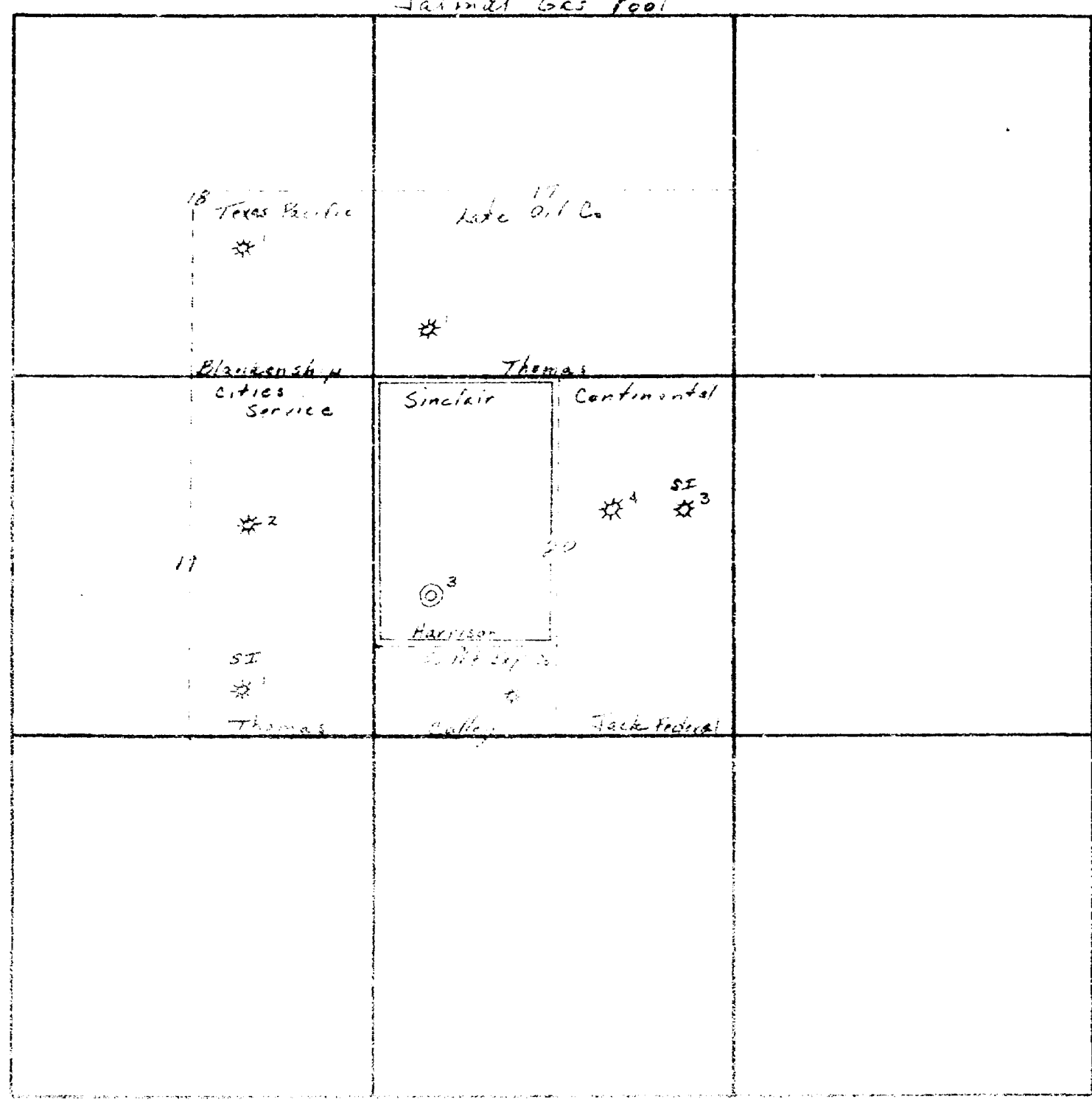


### INSTRUCTIONS FOR COMPLETION OF FORM C-128

1. Operator shall furnish and certify to the information called for in Section A.
  2. Operator shall outline the dedicated acreage for both oil and gas wells on the plat in Section B.
  3. A registered professional engineer or land surveyor registered in the State of New Mexico or approved by the Commission shall show on the plat the location of the well and certify this information in the space provided.
  4. All distances shown on the plat must be from the outer boundaries of the Section.
  5. If additional space is needed for listing owners and their respective interests as required in question 3 of Section A, please use space below.
- \* This well was completed in August, 1937, by Western Natural Gas Co. in the Langlie Mattix Pool. The records and forms received from Western Natural, after its purchase by Sinclair, did not show the name of the surveyor or the survey date, and at this time the information is not available.

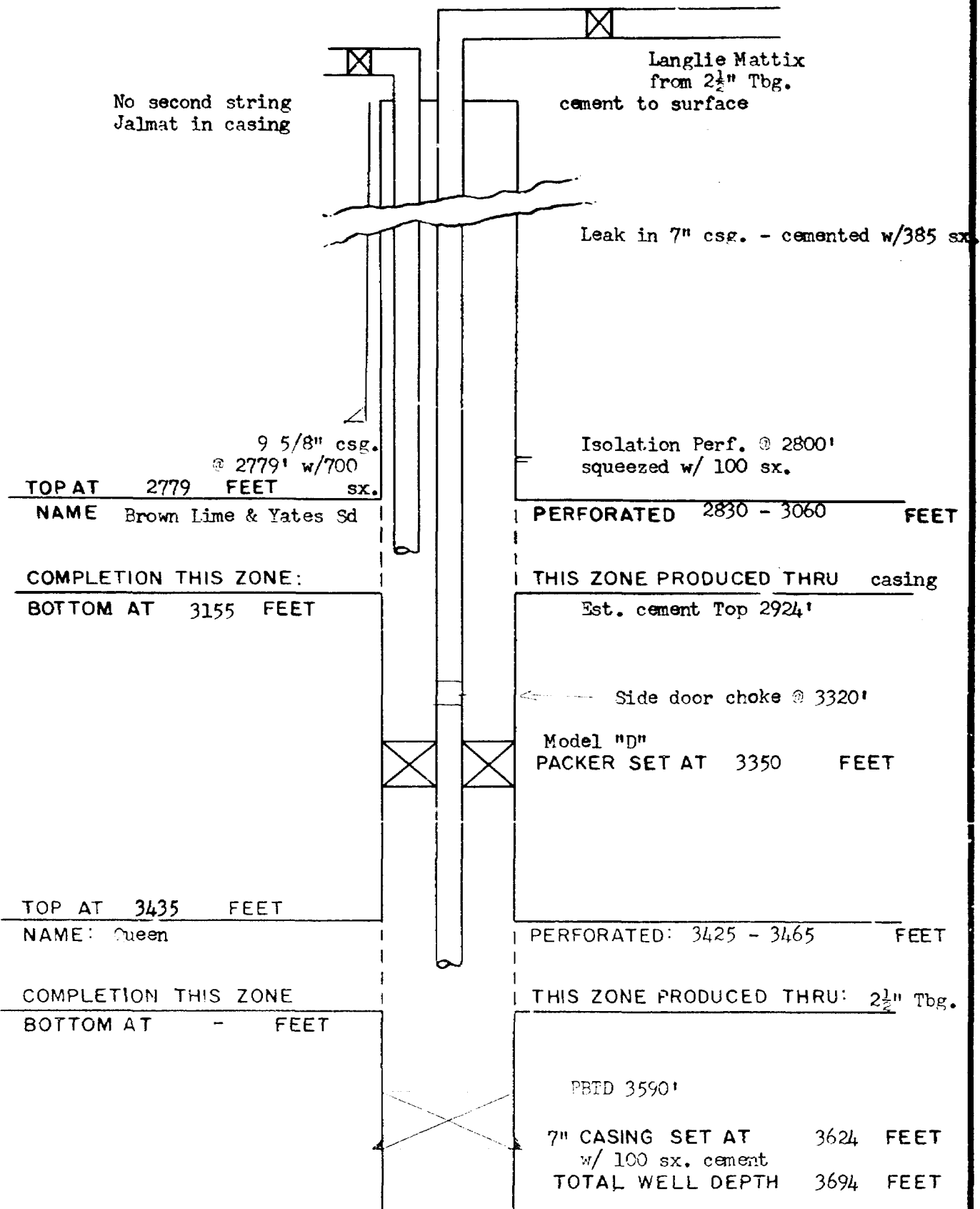
3199

Running 100' to 300' West of ...  
Sec 20-24-27E  
Los Alamos County, New Mexico  
Tahmat Gas Pool



Copyright 1952  
by ...

DIAGRAMMATIC SKETCH SHOWING  
DUAL COMPLETION INSTALLATION



COMPANY Sinclair Oil & Gas Company  
LEASE Wm. H. Harrison "C" NW WELL No. 3  
FIELD Langlie Mattix & Jalmat  
DATE December 28, 1964

NUMBER OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.S.	
LAND OFFICE	
TRANSPORTER	OIL
	GAS
PRODUCTION OFFICE	
OPERATOR	

**NEW MEXICO OIL CONSERVATION COMMISSION**  
**WELL LOCATION AND ACREAGE DEDICATION PLAT**  
 SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

FORM C-128  
Revised 5/1/57

SECTION A					
Operator <b>Sinclair Oil &amp; Gas Company</b>			Lease <b>Wm. H. Harrison "C" 48</b>		Well No. <b>3</b>
Unit Letter <b>L</b>	Section <b>20</b>	Township <b>24S</b>	Range <b>37E</b>	County <b>Lea</b>	
Actual Footage Location of Well: <b>1980</b> feet from the <b>south</b> line and <b>660</b> feet from the <b>west</b> line					
Ground Level Elev. <b>3294</b>	Producing Formation <b>Tansil &amp; Yates</b>		Pool <b>Jalnet Gas Pool</b>	Dedicated Acreage: <b>240</b> Acres	

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES ☒ NO ☐ ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES ☐ NO ☐ . If answer is "yes," Type of Consolidation \_\_\_\_\_
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

SECTION B			
<p align="center"><b>Langlie Mattix Oil Acreage</b>  <b>Jalnet Gas Acreage</b></p>			
<p align="center">0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0</p>			

CERTIFICATION
I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.
Name <b>District Superintendent</b>
Position <b>Sinclair Oil &amp; Gas Co.</b>
Company <b>December 28, 1964</b>
Date
I hereby certify that the well location shown on the plat in SECTION B was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.
Date Surveyed
Registered Professional Engineer and/or Land Surveyor
* over
Certificate No.



#### INSTRUCTIONS FOR COMPLETION OF FORM C-128

1. Operator shall furnish and certify to the information called for in Section A.
  2. Operator shall outline the dedicated acreage for both oil and gas wells on the plat in Section B.
  3. A registered professional engineer or land surveyor registered in the State of New Mexico or approved by the Commission shall show on the plat the location of the well and certify this information in the space provided.
  4. All distances shown on the plat must be from the outer boundaries of the Section.
  5. If additional space is needed for listing owners and their respective interests as required in question 3 of Section A, please use space below.
- \* This well was completed in August, 1937, by Western Natural Gas Co. in the Langlie Mattix Pool. The records and forms received from Western Natural, after its purchase by Sinclair, did not show the name of the surveyor or the survey date, and at this time the information is not available.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1182

SANTA FE, N. M.  
PHONE 983-3871

ALBUQUERQUE, N. M.  
PHONE 243-6691

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 27, 1965

EXAMINER HEARING

IN THE MATTER OF:

APPLICATION OF SINCLAIR OIL & GAS COMPANY  
FOR A NON-STANDARD GAS PRORATION UNIT,  
LEA COUNTY, NEW MEXICO

Case No. 3199

BEFORE:

ELVIS A. UTZ

TRANSCRIPT OF HEARING



MR. UTZ: Case Number 3199.

MR. DURRETT: Application of Sinclair Oil & Gas Company for a non-standard gas proration unit, Lea County, New Mexico.

MR. KELLY: Booker Kelly of Gilbert, White & Gilbert, Santa Fe, on behalf of Sinclair Oil & Gas Company. I have one witness, and ask that he be sworn.

\* \* \*

DOUGLAS CUNNINGHAM, the witness, having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name, employer and position, please.

A Douglas Cunningham; employed by Sinclair Oil & Gas Company in the Midland regional office, Midland, Texas, as a petroleum engineer.

Q Have you previously qualified as an expert witness before the Commission?

A Yes, I have.

Q Would you briefly state what Sinclair seeks by this application.

A Sinclair by this application is seeking a 240-acre non-standard gas proration unit in the Jalmat Cave Pool. The

standard proration unit, as we found out previously, is 640. Our proposed 240-acre non-standard unit as shown on our exhibit here consists of the northwest quarter and the north half of the southwest quarter of Section 20, 24 South, 37 East, Lea County, New Mexico. This 240-acre proposed non-standard unit is shown on our exhibit colored in yellow, which is our lease known as W. H. Harrison CWN, and it will be dedicated to Well Number 3. The proration unit for Well Number 3 is shown with the dashed red line and the proposed 240-acre unit is shown by a dashed red line.

Q What is the history on Well Number 3?

A This well is a Langley Maddox gas well at the present time. We have not commenced a work-over which would dually complete this well in the Jalmat Gas Pool and the Langley Maddox. We have made administrative application to the Commission to be allowed to dual this well, and we did make administrative application for 240-acre non-standard unit, and subsequently found out that we couldn't do it administratively.

Q In other words, they caught you?

A Well, not necessarily.

Q You have been referring to what has been marked Sinclair Exhibit A?

A Yes.

Q And Exhibit A shows other Jalmat gas wells in the

area which are located closer to the section line than 660 and 1,980. Could you locate these wells.

A The exhibit shows the existing Jalmat gas wells as the solid red circle, and the solid boundary around the acreage on which the Jalmat gas wells exist is their proration, as I have found by going to the proration schedule and taking the acreage off there. You will note on the Late Oil Company Lewis Thomas Well Number 1 in the north section there, that well is located 660-660 from the unit boundary lines, and it is dedicated 320 acres to its unit. In Section 29, Continental's Federal A Jack Well Number 3 is located 1,980 feet from the north and 330 feet from the east line. It is dedicated 220. In Section 19, City Service James Thomas Well Number 2 is located something like 220 and 330 from the half section and it is dedicated 320 acres, so we feel that we are not asking for anything some of the offsetting operators do not already have. I would point out that it is possible that these wells did not have to have an exception to the rules, because I believe if these wells had been completed before 1961, at least as far as I interpret the rules, they would have had 160-acre tolerance to the acreage dedicated to them.

Q You don't know when the wells were completed?

A Not all of them, no. I have only checked completion data on the Continental Jack A Federal located in the same

section as our proposed unit, and City Services. Both of these wells were completed, I believe, before they would have had to have an exception to the rule.

Q Exhibit A shows that you are surrounded by producing Jalmat wells. By this do you conclude that you could produce all your acreage?

A Yes, I would say that our acreage is undoubtedly proved productive by the surrounding Jalmat gas wells. I think, since the Commission has previously found that 640 acres would be drailed by a well, we will drain the entire acreage with this well. Furthermore, I believe that if we were only limited to a 160-acre proration unit, our correlative rights in the north half of the northwest quarter would be violated, in that we wouldn't get to produce enough gas from that well to drain that acreage.

Q Do you think there is any danger of affecting the correlative rights of other operators?

A No, sir.

Q Has it counter-drainage?

A I think probably the drainage radius of the well will be circular, and our well will drain gas from our acreage but, by the same token, there would be counterdrainage.

Q If this application were not granted, in order to get your allowable for this 80 acres you have to drill a well

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



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on that?

A We would either have to drill a well or dedicate that acreage to some other well on the section.

Q In your opinion would the non-granting of this application adversely affect your correlative rights, and the granting of the application not adversely affect the correlative rights of the others offsetting?

A That is true.

Q Was Exhibit A prepared by you or under your direction?

A Yes.

MR. KELLY: I move for the introduction of Exhibit A.

MR. UTZ: Without objection, Exhibit A will be entered into the record of this case.

MR. KELLY: I have nothing further.

MR. UTZ: Is there a unit immediately south of this unit you are requesting here?

A No, sir.

Q There's no Jalmat completion immediately south of you?

A Are you still in Section 20, or down in Section 29?

Q Well, either in Section 29 or 20.

A We are at present working over our Well Number 4 in

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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Section 29, circled with a dashed red circle there.

Q Do you own the entire west half of Section 29?

A Yes, sir, but they are different royalty interests. They're labeled A, B and D. We have only asked for 160-acre unit in the southwest quarter of 29 for this well we're presently working on.

Q You don't think it will drain 320 acres, because of the different royalty interests?

A It will, and once we get the well in production we intend to get a royalty pool, and then we will ask for administrative approval for 320-acre non-standard unit.

Q Does W. H. Harrison still own this 80 acres immediately south of your requested unit?

A I'm not absolutely certain who owns the fee there. I don't even know if he owns the fee under ours any more. I don't have a list of the royalty interest owners.

Q If he doesn't get his straw in soon, he's not going to get anything.

A We would be perfectly happy to dedicate that acreage to our well, I think, using the normal provisions, which I guess we would have to negotiate; but we would take an over-ride or give him an over-ride so that the gas allowable for that acreage could be produced.

Q Have you ever contacted him?



dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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PAGE 8

A No, sir.

Q So it's possible he may not know about this?

A It could be possible, yes.

Q Even though he has been regularly notified through advertising?

A Yes, sir. I would point out that exploration rights or the right to drill for oil and gas is probably leased to some other operator. I know the Southern Exploration, Incorporated there--that's a Langley Maddox, south of our acreage, so if they wanted a non-standard 160-acre unit there's enough acreage in that section so that they could go in and get one, I think.

MR. IRBY: You did notify these people, your south offset operators, when you applied for administrative approval?

A Working interest owners.

Q You notified the working interest owners?

A Yes.

Q So at least, as far as you know, the working interest owners had actual knowledge of your application?

A Yes.

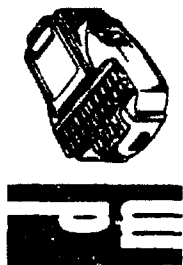
MR. UTZ: Do you recall who the working interest owner was?

A Southern Exploration, Incorporated owns that 40-acre well down there. The owner of the 40, which would be the

dearnley-meier

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southwest quarter of the southwest quarter, I'm not absolutely certain--I don't know if it's R. Cleveland or not, and I don't know whether we sent R. Cleveland a copy of our application. I think I have a copy of the application we did make--of course there's one in the Commission's files also, but--well, according to the mailing list attached, R. Cleveland or W. H. Harrison either one did not receive notice. Texas Pacific, Late Oil Company, Continental Oil Company, Southern Petroleum Exploration, Incorporated and City Service Oil Company all received notice.

MR. KELLY: Southern Petroleum Exploration is the same as Southern Exploration?

A I'm not absolutely certain of the corporate name. I believe on the proration schedule for the Langley Maddox pool it's Southern Exploration.

Q But they are--

A They're the same people, yes.

MR. UTZ: Are there other questions? -- The case will be taken under advisement, and the witness is excused. We will adjourn until one-thirty.

\* \* \*

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STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) SS

I, ELIZABETH K. HALE, Notary Public and Court Reporter,  
do certify that the foregoing transcript in Case Number 3199  
is a true and accurate record of proceedings to the best of  
my knowledge, skill and ability.

Witness my hand and seal of office this 17th day of  
February, 1965.

*Elizabeth K. Hale*

Notary Public

My commission expires:

May 23, 1968.

I do hereby certify that the foregoing is  
a complete and true copy of the proceedings in  
the above case, Case No. 3199,  
dated February 17, 1965.

*Elizabeth K. Hale*  
Notary Public and Court Reporter  
New Mexico Oil Conservation Commission