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PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6631

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 20, 1962

EXAMINER HEARING

IN THE MATTER OF:)

Application of Southwest Production Company)
for compulsory pooling, San Juan County,)
New Mexico. Applicant, in the above-styled)
cause, seeks an order force pooling all)
mineral interests in the Basin-Dakota Gas)
Pool underlying the W/2 of Section 8,)
Township 30 North, Range 11 West, San Juan)
County, New Mexico.)

CASE 2701

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2701.

MR. DURRETT: Application of Southwest Production Com-
pany for compulsory pooling, San Juan County, New Mexico.

MR. VERITY: George L. Verity for the applicant.

MR. DURRETT: Mr. Jones, you are still under oath in
this case.

MR. UTZ: Are there other appearances in this case?

JACK D. JONES

called as a witness, having been previously duly sworn, testified
as follows:

DIRECT EXAMINATION



BY MR. VERITY:

Q Mr. Jones, you are the same individual who testified in the previous two cases?

A Yes, sir.

Q You are employed by Southwest Production Company to do their land work?

A Yes, sir.

Q In the area of the West Half, Section 8, 30 North, 11 West?

A Yes, sir.

Q Has Southwest Production Company drilled and completed a well in the West Half of Section 8, 11, to the Dakota formation?

A Yes, we have. And on the map we have passed around it is shown as the Southeast of the Southwest Quarter, it is the Glenn Swire No. 1 well, 790 feet, I see North line on the map, but it's the South line, and 1350 feet from the West line, which puts it in the Southeast of the Southwest.

Q Has Southwest endeavored to obtain the joinder of all parties in the drilling and completing of that Dakota well who have any interest in production in the West Half?

A We have leases covering the entire West Half of the section. The North Half of the Northwest, which is the Mercantile Bank lease, is the subject of a suit between John Moyer and

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M. J. Florence and Mercantile Bank.

MR. UTZ: Which area is that?

A The North Half of the Northwest. It's the 80-acre parcel. Trilon also has a quarter interest in this parcel, and inasmuch as it is the subject of the suit between John Moyer and the Bank and M. J. Florence, we feel that we should force pool those interests so that if the Court decision should be adverse to our claim to the lease we will at least be able to recover our costs from production therefrom.

The lower Court has ruled in favor of Florence and the Mercantile Bank, from whom we have obtained assignments of the lease. However, John has filed notice of appeal in that case and until such time as the Supreme Court has acted, of course, the decision will not be final. We would like to be able to make these lands subject to our mortgage and get our drilling money out of them prior to the time in which the hearing could be held.

MR. UTZ: Would that be the M. J. Florence estate?

A Yes, sir.

Q (By Mr. Verity) Are there other parties that have an interest or claim of interest in this 320 unit?

A Yes. There would be, as I say, in this parcel the suit includes the M. J. Florence, the Mercantile Bank, the Franklin Steel Products Company, which is John G. Polokoff, and John

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Moyer. Now, Franklin Steel Products and Polokoff have entered disclaimers in their testimony in the case claiming no interest in these lands or the leases therein.

Now, the other lands we have which involve the same parties is the West Half of the East Half of the West Half of the Northeast of the Southwest Quarter. It's the five-acre parcel marked as Cantrell, Inc., in the Northeast of the Southwest there. Now, these lands are mentioned in a suit between John Moyer, M. J. Florence, John G. Polokoff, Franklin Steel Products and M. J. Florence and Florence A. Florence. Nowhere in the chain of title does any interest appear in these parties to this land, but it is mentioned in these two suits. Consequently, we have requested the forced pooling of any interests that they might have, even though the record gives no indication of their having any interest in these lands.

Now, I have approached John Moyer in reference to disclaiming any interest in these parcels and he flatly refuses to do so, and he does so on the basis of the other parties involved until the suits are finished.

MR. VERITY: I believe that's all we have. We offer Exhibit 1 in evidence.

(Whereupon, applicant's Exhibit 1 was offered in evidence.)

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MR. VERITY: I have one more question. Excuse me.

Q Mr. Jones, you previously testified that you felt proper risk factor for drilling a well in the Dakota was in excess of 125%, is that your testimony in this case?

A Yes, sir.

MR. VERITY: That's all I have.

MR. UTZ: Exhibit 1 will be entered into the record of this case.

(Whereupon, applicant's Exhibit 1 was admitted in evidence.)

MR. UTZ: Are there questions of the witness?

CROSS EXAMINATION

BY MR. UTZ:

Q All parties listed on the Exhibit A in your application, have they been contacted?

A I have not contacted them except for, well, I have in the case of the North Half of the Northwest Quarter. I contacted the attorney for the Mercantile Bank and the M. J. Florence Estate, and I have talked to John himself; the Mercantile Bank and M. J. Florence are the people through whom we are claiming title, so they have, will have, of course, not disclaim any title in that but in the event of the suit that's the mere reason we have entered them in this because they are parties to that suit,



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which John is a party, and John, of course, is claiming an adverse interest and is appealing to the Supreme Court in that matter, and he has been personally, well, we have talked to him several times trying to settle this matter almost, have tried to enter into an agreement with him whereby we would pay him a certain amount if and when he can furnish good title to the lands. He refuses to enter into such an agreement, demanding \$8,000 immediately to give us an assignment of his claim to the lands, and, of course, in the face of the decision of the lower courts and the facts as we know them, we are not willing to enter into any such agreement.

MR. UTZ: Any other questions of the witness? The witness may be excused in this case.

(Witness excused.)

MR. UTZ: Are there statements to be made in this case? We will take the case under advisement.



