

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

2 July 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Caulkins Oil Company      CASE  
for compulsory pooling, downhole      8640  
commingling, and dual completion, Rio  
Arriba County, New Mexico.

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division:	Jeff Taylor Legal Counsel to the Division Oil Conservation Division State Land Office Bldg. Santa Fe, New Mexico 87501
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For Caulkins Oil Co.:	Karen Aubrey Attorney at Law KELLAHIN & KELLAHIN P. O. Box 2265 Santa Fe, New Mexico 87501
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## A P P E A R A N C E S

FOR Meridian Oil: W. Perry Pearce  
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MR. QUINTANA: We'll call next  
Case Number 8640.

MR. TAYLOR: Application of  
Caulkins Oil Company for compulsory pooling, downhole com-  
mingling, and dual completion, Rio Arriba County, New Mex-  
ico.

MS. AUBREY: Karen Aubrey, Kel-  
lahin and Kellahin, Santa Fe, representing the applicant.

I have two witnesses to be  
sworn.

MR. QUINTANA: Are there other  
appearances in the matter?

MR. PEARCE: W. Perry Pearce of  
the Santa Fe law firm of Montgomery and Andrews, P. A., re-  
presenting Meridian Oil, Inc.

MR. QUINTANA: No witnesses?

MR. PEARCE: No witnesses.

MR. QUINTANA: Ms. Aubrey,  
would you please have your witnesses stand up and be sworn  
in at this time?

(Witnesses sworn.)

MS. AUBREY: Mr. Examiner, be-

1 fore beginning the testimony in this case I'd like to make a  
2 brief opening statement.

3 The case as advertised calls  
4 for compulsory pooling, downhole commingling, and dual com-  
5 pletion of the Kaime No. 1-R in Rio Arriba County, New Mex-  
6 ico.

7 We are still seeking all of  
8 those things; however, in the time between the filing of the  
9 application and the last week, we have learned of an addi-  
10 tional problem with which we seek the Division's assistance,  
11 which would be a 50 percent working interest owner in the  
12 320-acre spacing unit in the Blanco Mesaverde and Basin Da-  
13 kota portions of our well; has burdened the -- its 160 acres  
14 under some GLA's with, I believe, UnoCal, to the extent of  
15 \$3.73 per MCF in one case and \$3.9-- roughly \$3.96 per MCF  
16 in the other.

17 The reason this creates a prob-  
18 lem for us is that the New Mexico forced pooling statute,  
19 70-2-17C, provides that the cost of the well, the recoupment  
20 of the cost of the well and the risk penalty factor apply  
21 only to the working interest of a nonconsenting working in-  
22 terest owner and do not apply to net revenue payments, pro-  
23 duction payments, or overriding royalty.

24 The testimony before you here  
25 today will show that after subtracting the excess burdens,

1 and frankly, we are not sure whether they are in the nature  
2 of an override or a net revenue interest or purely produc-  
3 tion payment, after subtracting those, whatever they are at  
4 the dollar figures per MCF, El Paso on its 50 percent inter-  
5 est in the unit as a 320-acre unit, will have a negative  
6 numbers to the tune, we believe, of approximately \$650 per  
7 day.

8 Therefore there is no working  
9 interest in El Paso against which to permit Caulkins to re-  
10 coup its share of the cost of drilling the well and any risk  
11 penalty the Division may impose against a nonconsenting  
12 working interest owner.

13 I wanted to alert you to this  
14 because the forced pooling issue, the downhole commingling,  
15 and dual completion issues, are fairly standard in this  
16 case. There's nothing particularly unusual about them; how-  
17 ever, this situation with the override or net revenue inter-  
18 est which El Paso/Meridian has created in the 160 acres of  
19 the 320-acre spacing unit, I believe, is a problem.

20 We will present testimony about  
21 our understanding of what those burdens are. We would cer-  
22 tainly invite any correction or clarification from the at-  
23 torneys for Meridian in the event that we are mistaken about  
24 what they are.

25 We will suggest at the end of

1 the case, and I would like to tell you about that briefly  
2 right now, some solutions to the problem that we see in hav-  
3 ing a working interest owner who in fact has no working in-  
4 terest against which to recoup the penalty.

5 One is to permit Meridian to  
6 voluntarily reduce its burden until payout so that Caulkins  
7 can recoup its share -- its share of the well cost appro-  
8 priately against a nonconsenting working interest owner and  
9 recoup its share of the risk factor.

10 If Meridian is not willing to  
11 voluntarily reduce those burdens so that -- and put us in a  
12 situation where the forced pooling statute of the State of  
13 New Mexico works, then we will ask the Division to on its  
14 own motion create a nonstandard proration consisting only of  
15 Caulkins acreage and 40 acres of El Paso's acreage which is  
16 not burdened with these excepted burdens 200 acres out of a  
17 320-acre spacing unit.

18 The Division has done this on  
19 at least one other occasion in Case 7922 and has solved a  
20 similar, although not exactly the same problem, by requiring  
21 the party which has created the burden to either voluntarily  
22 reduce them or to have their acreage cut out of the prora-  
23 tion unit.

24 MR. TAYLOR: Excuse me, Ms.  
25 Aubrey, what was the name of the proposed well on this unit?

1 MS. AUBREY: The Kaime, K-A-I-  
2 M-E.

3 MR. TAYLOR: 1-R?

4 MS. AUBREY: 1-R.

5 MR. QUINTANA: You may proceed.

6 MS. AUBREY: Thank you.

7

8 CHARLES VERQUER,

9 being called as a witness and being duly sworn upon his  
10 oath, testified as follows, to-wit:

11

12 DIRECT EXAMINATION

13 BY MS. AUBREY:

14 Q Would you state your name and by whom  
15 you're employed?

16 A My name is Charles Verquer. I'm Superin-  
17 tendent with Caulkins Oil Company, Farmington, New Mexico.

18 Q And, Mr. Verquer, have you testified pre-  
19 viously before the Oil Conservation Division and been quali-  
20 fied as an expert oil and gas operator?

21 A I have.

22 Q Are you familiar with Caulkins' applica-  
23 tion which is set for hearing today?

24 A I am.

25 MS. AUBREY: Mr. Quintana, I



1 tender Mr. Verquer as an expert oil and gas operator.

2 MR. QUINTANA: Any objections,  
3 Mr. Pearce?

4 MR. PEARCE: None.

5 MR. QUINTANA: He's considered  
6 as an expert oil and gas operator.

7 Q Mr. Verquer, have you prepared certain  
8 exhibits for the consideration of the Examiner today?

9 A I have.

10 Q Let me ask you to turn to what we have  
11 marked as your Exhibit Number One, which is a compoxite ex-  
12 hibit consisting of a number of pages.

13 Was this prepared by you, Mr. Verquer?

14 A It was.

15 Q And it relates to the Kaime No. 1-R Well,  
16 is that correct?

17 A That's correct.

18 Q Before we get to the exhibit, let me ask  
19 you, the 1-R designation means a replacement well?

20 A That is correct.

21 Q Would you describe for the Examiner the  
22 situation which requires you to drill a replacement well in  
23 this unit?

24 A On that proration unit in the northeast  
25 quarter we have a well, Kaime No. 1, that has mechanical

1 problems and we are unable to produce any gas from it any  
2 more.

3                   There is a possibility we could get a  
4 little but in the terms of our lease if we don't produce any  
5 gas for a year we lose that lease, and we would like to re-  
6 place the well and when do that, the only economical way is  
7 to drill a well to the Dakota and try to open every zone  
8 there is possible that has any production, so we can have an  
9 economical -- a possible economical venture lease.

10               Q               Mr. Verquer, in what formation is the  
11 Kaime No. 1 completed?

12               A               In the Pictured Cliff.

13               Q               Is it completed in any other zone?

14               A               Negative.

15               Q               Let's turn to the second page of your Ex-  
16 hibit Number One. That exhibit locates both the Kaime No. 1  
17 and the Kaime No. 1-R, is that correct?

18               A               That is correct.

19               Q               And is the proposed location for the  
20 Kaime No. 1-R a standard location?

21               A               It is.

22               Q               Outlined in red on page two of your exhi-  
23 bit is an area. Can you describe for that -- describe for  
24 the Examiner what that red -- the area outlined in red re-  
25 presents?

1           A           That red limits the 160 acres, the 160-  
2 acre fee lease from the Kaime. It was the senior Kaime; now  
3 it's Edwin Kaime, whic comprises the north half of the  
4 northeast quarter, the southwest quarter of the northeast  
5 quarter, and the southeast quarter of the northwest quarter.

6           Q           And that acreage is under lease to Caul-  
7 kins.

8           A           And that acreage is under lease to Caul-  
9 kins Oil Company.

10          Q           And that is the acreage which is being --  
11 was being held by production from the Kaime No. 1.

12          A           That is correct.

13          Q           Can you estimate for us when that lease  
14 will expire in the event that you are not able to drill a  
15 replacement well on the lease?

16          A           I believe the 1st of September, 1985.

17          Q           Still referring to page two of your Exhi-  
18 bit Number One, will you explain for the Examiner who owns  
19 the additional 160 acres in the north half of Section 20?

20          A           El Paso, from the BLM records El Paso has  
21 the lease in the northwest quarter of the 120 acres, which  
22 is the north half of the northwest quarter and the south-  
23 west quarter of the northwest quarter under Lease No.  
24 079302A, and the -- in the northeast quarter El Paso has the  
25 southeast quarter of that quarter under 079304A.

1           Q           Caulkins is seeking to form two spacing  
2 units here, one in the Chacra-Pictured Cliff and one in the  
3 Blanco-Mesaverde of the Basin Dakota, is that correct?

4           A           That is correct.

5           Q           What is the acreage dedication in the  
6 Pictured Cliff and Chacra?

7           A           It would be the northeast quarter.

8           Q           And in that El Paso would have 40 acres  
9 out of the 160, (not understood.

10                   And in the Blanco-Mesaverde Basin Dakota  
11 what is the acreage dedication?

12           A           Would have been the north, north half of  
13 the Section 20.

14           Q           With regard to the 120 acres in the  
15 northwest quarter of Section 20, which your exhibit shows  
16 owned by El Paso or under lease to El Paso, can you refer to  
17 that and the 40 acre tract and describe for the Examiner  
18 which of these tracts is involved in the situation that has  
19 created some excess burdens on the lease?

20           A           It is our understanding that the only ac-  
21 reage that is burdened is the 120 acres in the northwest  
22 quarter of the section.

23           Q           Has Caulkins Oil Company made any effort  
24 to voluntarily form a unit with El Paso for the development  
25 of the north half of Section 20 and the drilling of the

1 Kaime 1-R?

2 A We have. I have met with their people in  
3 Farmington and then through our attorney we've contacted  
4 them by letter.

5 Q And you've notified them of this hearing,  
6 is that correct?

7 A We have.

8 Q Were you successful in any of your con-  
9 tacts with El Paso to put together a voluntary unit either  
10 for the 160-acre unit or the 320-acre unit?

11 A We have not been successful.

12 Q By your application Caulkins is asking to  
13 be designated as operator of the Kaime 1-R, is that correct?

14 A That is correct.

15 Q And your -- have you formed an estimate  
16 of what Caulkins Oil Company would like to receive as over-  
17 head and supervision costs, both while drilling and while  
18 producing?

19 A We have and we're asking for -- was it  
20 200 percent?

21 Q Well, let me ask you -- make my question  
22 clear to you, Mr. Verquer.

23 Have you estimated what your overhead and  
24 supervising costs will be while drilling and while complet-  
25 ing the well if you are successful in getting a well, in

1 terms of monthly rates or rates while -- while drilling?

2 A We are asking for \$4000 a month while  
3 drilling and completing and \$400 a month while producing.

4 Q Have you checked or do you know whether  
5 or not these rates are in line with the customary charges in  
6 the area?

7 A In Case Number 7486, forced pooling in  
8 Section 19, one section west of this well, and the Commis-  
9 sion authorized this -- excuse me, I have made a mistake.

10 I asked for \$3000 a month and \$400.

11 Q And so what you're asking for is \$3000 a  
12 month while drilling and \$400 --

13 A Yes.

14 Q -- a month while producing.

15 A And then \$400 a month, the same as was  
16 awarded in -- under Case Number 7486.

17 MS. AUBREY: It's Case Number  
18 7486 -- I'm sorry, Order No. 7486, Case 8098.

19 MR. PEARCE: Thank you.

20 MR. QUINTANA: Order 7486, R-  
21 7486?

22 MS. AUBREY: Right.

23 Q How many wells does Caulkins Oil Company  
24 operate in the San Juan Basin?

25 A 185.

1           Q           Do you believe that the overhead and  
2 supervising costs which you've asked for here today are  
3 reasonable in light of the other wells that you operate?

4           A           I do .

5           Q           Mr. Verquer, let me have you now turn to  
6 about the middle of your Exhibit Number One. I believe in-  
7 cluded therein is a schematic of your proposed completion of  
8 the well as a dually completed well with the Chacra and Pic-  
9 tured Cliff formations commingled and the Mesaverde and Dak-  
10 ota formations commingled.

11          A           It's just a schematic, rough outline  
12 showing the Pictured Cliffs perforations, the Chacra perfor-  
13 ations, and a packer set below them, with tubing run to the  
14 surface, to the Dakota, and then Mesaverde perforations,  
15 Dakota perforations below the packer, which leaves the com-  
16 mingled Mesaverde-Dakota production to come to the surface  
17 through the tubing which should be 1-1/2 EUE, and the upper  
18 production could either flow through the casing or the tub-  
19 ing; normally it would be flowed through the tubing, and it  
20 would be 1-1/4 10-round non-upset tubing.

21          Q           Is this the standard completion technique  
22 for in well in which -- which had four zones open in it?

23          A           I have another well completed exactly the  
24 same way.

25          Q           And have you had any unusual problems or

1 difficulties with that well which would lead you to believe  
2 that this is not the appropriate way to complete the well  
3 with four zones open?

4 A That -- that well is the most trouble-  
5 free well I have. I feel like that it's the way to produce  
6 a marginal well.

7 Q Would you explain for the Examiner why  
8 it's important to Caulkins to open all four zones in that  
9 well?

10 A From a summary history that we have of  
11 the wells offsetting it, there's not too much gas flow so  
12 we need to have as much as we can get.

13 That's the general idea; open them all  
14 up.

15 Q Would the well be economical if it were  
16 completed only in the Pictured Cliff?

17 A Negative.

18 Q Would it be economical if it were com-  
19 pleted only in the Chacra?

20 A No.

21 Q What about the Mesaverde and Dakota?

22 A No.

23 Q By combining those four zones in the  
24 wellbore, it's your opinion that you will create -- increase  
25 your chances of an economically successful well?



1           A           We do.

2           Q           That's assuming you find production in  
3 any of these four zones.

4           A           That's true.

5           Q           Let's turn to the next page in your exhi-  
6 bit. Is that set forth as a statement of the proposed com-  
7 pletion technique?

8           A           That's right. It's just the itinerary of  
9 the way we drilled -- that I drill holes in the area, and we  
10 have one currently drilling, not to be completed this way,  
11 but it will be a Mesaverde-Dakota dual, and this is a stand-  
12 ard dual, even though we're in four zones.

13          Q           How are you going to allocate production  
14 between the two sets of commingled zones?

15          A           I plan to follow the standard procedure  
16 for commingling and test each zone separately, bottom hole  
17 pressures and individual tests, and then confer with the  
18 District Office (not understood).

19          Q           In order to create a percentage alloca-  
20 tion between the zones?

21          A           That's correct.

22          Q           Has this been Caulkins' standard proce-  
23 dure in connection with dually completing and commingling  
24 other wells in the area?

25          A           They have. May I add?

1 Q Sure.

2 A Unless we have a history for a year or so  
3 on a well which -- that we can present.

4 Q In some of the wells you've had the wells  
5 which you have recompleted.

6 A Yes, we have that (not understood).

7 Q This one will be initially drilled as a  
8 well producing from all four zones.

9 A Yes.

10 Q Let me have you turn now to the next page  
11 of your exhibit, which appears to be a cost estimate for the  
12 well. Was that submitted to El Paso/Meridian in connection  
13 with your proposal for a voluntary formation of a unit?

14 A It was.

15 Q Does that continue to represent a fair  
16 and accurate estimate of the cost of drilling and completing  
17 the Kaime No. 1-R?

18 A It does.

19 Q Let me have you turn now to the last page  
20 of that exhibit and can you explain that for the Examiner?

21 A This exhibit just shows an estimated cost  
22 of the well, which is \$514,595.

23 And the approximate gas production at  
24 \$2.25, payout equals \$225-million.

25 And then taking the records of the offset

1 wells within half a mile, the worst -- the worst wells that  
2 were in that group, and the approximate days to payout when  
3 you add all of those zones together was 720 producing days.

4 Then the best wells within a half a mile.

5 And I took the payout, in these 293 days.

6 Then I took the difference between the worst well and the  
7 best well and came up with an average of probably 506 pro-  
8 ducing days to pay out the well at \$514,595, total cost.

9 Q And this set of economic calculations was  
10 made by you prior to you finding out about the burden on the  
11 120 acres in the northwest quarter of -- which we believe  
12 are in the neighborhood of \$3.73 to \$3.93 an MCF.

13 A That is correct.

14 Q So these figures do not reflect any con-  
15 sideration of any overriding royalty or burden in excess of  
16 the ones you would expect.

17 A That's right. I may add, in our -- in  
18 the exhibits I have a well that is completed -- I have pro-  
19 duction history of 1984 that shows that it's a well that's  
20 completed exactly the same as I propose to complete this  
21 well, and in 1984 it produced 763,000 per day from the four  
22 zones, and if we get a well that is -- happened to be that  
23 good, it would pay out in some 295 days, producing days.

24 Q What would you -- can you give your  
25 opinion as to whether or not 763 MCF per day is in fact a



1 better well than you would normally encounter?

2 A I hope to have one that good, within that  
3 area.

4 Q You've used some assumptions here in cal-  
5 culating days to payout and you've approximated a number of  
6 -- I'm sorry, you've put out approximated production to  
7 reach number of days to payout.

8 A That's correct.

9 Q If you put into your calculation a \$3.96  
10 per MCF overriding royalty applied to El Paso's 50 percent  
11 working interest, do you have an opinion as to whether or  
12 not the well will ever pay out?

13 A It would never pay out.

14 Q Do you have an opinion as to whether or  
15 not El Paso's working interest would always be a negative  
16 number?

17 A It will always be a negative number.

18 Q In these assumptions you were assuming  
19 \$2.25 under a gas contract, is that correct?

20 A Correct.

21 Q Is that an existing gas contract to which  
22 this well is dedicated?

23 A Yes, that's correct.

24 Q Do you know whether or not it would be  
25 possible to obtain a higher price than that in today's mar-

1 ket for the gas from that well?

2 A Not under our -- our contract. We are  
3 bound to it for our part of the gas.

4 Q Okay. Let me have you look at the last  
5 page of your exhibit. It appears to be a letter from El  
6 Paso to me.

7 A That's correct.

8 Q Is that in connection with Caulkins' ef-  
9 forts to form the voluntary unit?

10 A That is correct.

11 Q Mr. Verquer, you've included other docu-  
12 ments in Exhibit Number One.

13 Can you quickly go through those and  
14 identify them for the Examiner, the ones that we have not  
15 yet discussed?

16 A On the third page is a vicinity map as  
17 furnished by the surveyor of where the new location would  
18 be. This does not show the terrain too well. It is quite  
19 rough in the area which made the odd footages of 911 and  
20 1158 there for the distances.

21 The next page is a tabulation, a monthly  
22 tabulation of production from all wells in the Pictured  
23 Cliffs zone only, within one-half mile of the proposed well,  
24 and their cumulative production for the year and their daily  
25 average, as determined by the production and the days they

1 were on during the month.

2           The next page is a tabulation of Pictured  
3 Cliff-Chacra wells within one-half mile that have been com-  
4 mingled under Order No. 5648, R-5648, with a 70 percent Pic-  
5 tured Cliff, 30 percent Chacra split.

6           The next page is all the single Chacra  
7 wells within one-half mile with the same information,  
8 monthly production, and their average daily by the days  
9 they were on.

10           The next is the Mesaverde wells, zone,  
11 within a half mile and the same information.

12           And the next is the tabulation of the  
13 Dakota wells within a half a mile.

14           And the next page is the Well No. 307-M  
15 that I have completed in the same manner as I propose this  
16 well and it's the same tabulation, the monthly production,  
17 days on and the average daily production.

18           Q           The 307-M is completed in the four zones  
19 you propose to complete the Kaime No. 1-R in?

20           A           Yes, it's exactly the same manner, with a  
21 packer between the two zones, upper commingled and the lower  
22 zones, lower two zones commingled.

23           Q           When was that well completed, the 307-M?

24           A           Early in -- it was completed in 1983.

25           The next page is just a tabulation of all

1 the wells within one mile and what formations they were com-  
2 pleted in and who the operator is.

3 And we've been over the schematic. I be-  
4 lieve we're been over the rest of it.

5 Q Mr. Verquer, in the event that the Divi-  
6 sion grants your application to compulsory pool El Paso,  
7 what risk penalty factor are you seeking in this case?

8 A We have thought to ask for 200 percent.

9 Q And do you have another witness who is  
10 going to testify more fully on the justification for that  
11 200 percent penalty, is that correct?

12 A Yes.

13 Q In the event that your application is  
14 granted and the 200 percent penalty is imposed against El  
15 Paso's 50 percent working interest in the unit, can you am-  
16 plify for the Examiner, how Caulkins' correlative rights  
17 will be protected, even if you get the 200 percent penalty?

18 A I don't understand that.

19 Q Let me try that one again. I'm not sure  
20 I understand it.

21 Let's assume for the moment that your ap-  
22 plication is granted and that you receive the full 200 per-  
23 cent penalty.

24 Given the net revenue interest or excess  
25 burden on the 120 acres in the northwest quarter, will Caul-



1 kins correlative rights be protected by the granting of that  
2 200 percent penalty?

3 A Well, if we inherit the burdens, we can-  
4 not -- that -- that eliminates us from -- from any recovery  
5 of our own.

6 Q Is there any way that Caulkins can drill  
7 this well even in the four zones that you have proposed and  
8 have an economic well which will pay out in a reasonable  
9 period of time, even given the 200 percent penalty?

10 A I see none without reducing the burdens.

11 Q What are the requests which you are mak-  
12 ing of the Division to protect Caulkins' correlative rights  
13 in this situation in connection with the net revenue inter-  
14 est or production payments which are presently burdening El  
15 Paso's 120 acres?

16 A First would be to reduce the burdens and  
17 secondly, then, if that cannot be done, would be to create a  
18 nonstandard unit.

19 Q Now, let's look back at your Exhibit Num-  
20 ber One, the second page.

21 What would you propose as the boundaries  
22 of a nonstandard proration unit in the Mesaverde and Basin  
23 Dakota in the event that El Paso/Meridian cannot voluntarily  
24 reduce the excess royalties or whatever they are that are  
25 burdening this land?

1           A           I would propose, so that all of our ac-  
2 reage is -- is protected, that it would be all of the north-  
3 east quarter and the southeast quarter of the northwest  
4 quarter.

5           Q           That would include the entire Kaime  
6 Lease?

7           A           That would include the entire Kaime  
8 Lease.

9           Q           For the Blanco-Mesaverde and Basin-Dak-  
10 ota.

11          A           That is correct.

12          Q           And the 160 acres that is represented by  
13 the northeast quarter of Section 20 would then be a standard  
14 160-acre proration in the Chacra and Pictured Cliffs.

15          A           That is correct.

16          Q           Do you have anything to add to your tes-  
17 timony, Mr. Verquer?

18          A           I don't believe I do.

19          Q           Were Exhibits One and Two prepared by you  
20 or under your direction and control?

21          A           They were.

22                       MS. AUBREY: Mr. Examiner, I  
23 tender Exhibits Numbers One and Two.

24                       MR. QUINTANA: Exhibits One and  
25 Two will be entered.

1 Q Mr. Verquer, will granting the applica-  
2 tion of Caulkins Oil Company prevent waste, protect correla-  
3 tive rights, and promote conservation of hydrocarbons?

4 A It will.

5 MR. PEARCE: May I, Mr. Exam-  
6 iner? Thank you, sir.

7

8 CROSS EXAMINATION

9 BY MR. PEARCE:

10 Q Mr. Verquer, for clarification of the re-  
11 cord, I -- it is your understanding that only the 120 acres  
12 held by El Paso in the northwest quarter section is burdened  
13 by the override in question, is that correct?

14 A That is correct.

15 Q You mentioned in your testimony, sir,  
16 that you believed it was possible for the existing well in  
17 the northeast quarter section to produce a little gas.  
18 That's the Kaime No. 1, I presumed.

19 A That's correct.

20 Q Is that correct? To your knowledge, sir,  
21 the lease on that property is held by Caulkins, is that cor-  
22 rect?

23 A That's correct.

24 Q Is there any minimum production figure  
25 contained in that lease?

1           A           Negative.

2           Q           Mr. Verquer, as a practical oil and gas  
3 operator, and I gladly consented to that qualification,  
4 there's no question in my mind about it, have you had some  
5 experience with leases and royalties?

6           A           No, I have not.

7           Q           Then I have no further questions. Thank  
8 you, sir.

9                       MR. QUINTANA: I have no ques-  
10 tions of the witness at this time.

11                      MS. AUBREY: Let me ask one  
12 follow-up question, Mr. Verquer.

13  
14                               REDIRECT EXAMINATION

15 BY MS. AUBREY:

16           Q           With regard to the Kaime No. 1, when did  
17 it last produce?

18           A           It was listed in the exhibits here. The  
19 last production was in August of 1984.

20           Q           And do you know why it ceased production?

21           A           It had logged off and the well has very  
22 low shut-in pressures. On some of the exhibits that will be  
23 presented later you will see that the shut-in pressure is  
24 quite low on that, or they're listed in that, anyway, and  
25 the line pressure being 3-to-400 pounds under the Gas Com-

1 pany of New Mexico's system, it is unable to produce into  
2 that and as you can see by the exhibit, 238 MCF in 31 days  
3 is not sufficient gas to run the (not understood) for the  
4 pressure, so that let's that out.

5 Q So Caulkins hasn't simply voluntarily  
6 shut the well in. It had stopped producing on its own?

7 MS. AUBREY: That's all I have.

8 MR. QUINTANA: I have no ques-  
9 tions of the witness at this time.

10 You may be excused.

11

12 A. R. KENDRICK,

13 being called as a witness and being duly sworn upon his  
14 oath, testified as follows, to-wit:

15

16 DIRECT EXAMINATION

17 BY MS. AUBREY:

18 Q Would you state your name and occupation  
19 for the record?

20 A A. R. Kendrick, consulting petroleum en-  
21 gineer.

22 Q And, Mr. Kendrick, have you testified  
23 previously before this Division and had your qualifications  
24 as a petroleum engineer made a matter of record?

25 A Yes.

1 MS. AUBREY: Mr. Examiner, are  
2 the witness' qualifications acceptable?

3 MR. QUINTANA: They are.

4 Q Are you familiar with the application of  
5 Caulkins Oil Company today for compulsory pooling, downhole  
6 commingling, and dual completion of the Kaime No. 1-R?

7 A Yes.

8 Q Are you also -- have you also made your-  
9 self familiar with certain economic calculations with gas  
10 prices and assumed net revenue interest or excess burdens on  
11 the property?

12 A Yes.

13 Q Let me have you look at your Exhibit Num-  
14 ber Three. Would you identify that for the examiner?

15 A Exhibit Number Three is a series of  
16 photocopies of Township 26 North, Range 6 West, showing the  
17 annual and cumulative production for each well in that town-  
18 ship by the formation.

19 The first page of the maps shows Pictured  
20 Cliffs formation. It shows the annual volume of production  
21 for 1984 in millions of cubic feet in the upper number.

22 The lower number is the cumulative as of  
23 January the 1st, 1985 in millions of cubic feet.

24 The wells --

25 Q Is the proposed --

1           A           -- show -- excuse me.

2           Q           Is the proposed poration unit shown in  
3 yellow on the map?

4           A           Yes, the area of interest is identified  
5 in yellow on the map.

6                       The well spot is not shown to identify  
7 which 40-acre tract is represented because of the volume of  
8 numbers that have to go on the pages so that the attempt is  
9 to show the volumes in each quarter section to represent the  
10 wells drilled in the quarter sections.

11                      The next page, the map represents the  
12 Chacra production.

13                      The third page, the Mesaverde production,  
14 and the last page, the Dakota production.

15           Q           Okay. let's turn back to the Pictured  
16 Cliffs production map. In what your opinion, what conclu-  
17 sions can you draw from the production numbers that you  
18 have -- have studied and put on your exhibit here?

19           A           With a hasty reference to this, you'll  
20 find that of the good Pictured Cliffs wells are to the north  
21 and east of this, except one well about a mile and a half  
22 south.

23                      The wells have been producing since the  
24 early fifties, for the most part, in this area, so that a  
25 certain amount of depletion has taken place in the area, and

1 therefore replacement wells would not be anticipated to pro-  
2 duce as well as these but the area of interest shown in yel-  
3 low there is not in the better part of the pool and there-  
4 fore a less than average well in the Pictured Cliffs forma-  
5 tion would be anticipated at this location.

6 Q Can you conclude from your exhibit that  
7 in the Pictured Cliff you would expect to have a well which  
8 was not as good as an original well on a unit?

9 A Yes.

10 Q Let me refer you now to page number two  
11 of your exhibit, the Chacra gas production map indicates  
12 that all of the good wells are south of the anticipated lo-  
13 cation and that even though these are much more recent  
14 wells, the wells, even with this formation, as far as east  
15 and west is concerned, and further north, are marginal wells  
16 and they are the original wells to the Chacra formation, so  
17 that any anticipated well in the north half of Section 20  
18 would also be expected to be a marginal well.

19 Q Let's look now at the Mesaverde forma-  
20 tion.

21 A The Mesaverde production map shows that  
22 the proposed location would be a pool extension. It is  
23 therefore less than edge in classification.

24 Q So you have no Mesaverde production south  
25 of the proposed location and none near on the east side.



1           A           On the west side; none on the west side  
2 or the south side, which would indicate that we have no con-  
3 trol but we really would anticipate low volume reserves at  
4 that location.

5           Q           And I believe the last page shows the  
6 Dakota production, is that correct?

7           A           The better Dakota wells are north and  
8 east from the proposed location with very little control to  
9 the south and west and the control that we do have would in-  
10 dicate that a well would not be a high quality well drilled  
11 at the proposed location.

12          Q           After having studied the data shown on  
13 your Exhibit Number Three and in your professional opinion,  
14 Mr. Kendrick, do you have an opinion as to the risk penalty  
15 which should be imposed against nonconsenting working inter-  
16 est owners in connection with the compulsory pooling portion  
17 of this application?

18          A           Since the rumor has it that sometimes  
19 voluntary agreements allow 300 percent risk factors, I think  
20 the forced pooling would at least give 200 percent risk in a  
21 case where all zones are marginal, that the total well might  
22 barely be commercial.

23          Q           In your professional opinion is there a  
24 substantial risk of obtaining an economic well, given the  
25 production information which you have calculated and pre-

1   pared in form of an exhibit, and the testimony that you have  
2   heard from Mr. Verquer based on estimates of production?

3                   A           I think that the chance that the well  
4   would make a little money is good but it's still a risk.

5                   Q           In your opinion are there substantial  
6   risks of drilling and completing a well which will in fact  
7   pay out?

8                   A           Yes.

9                   Q           In your professional opinion are there  
10   mechanical risks associated with drilling and completing  
11   this well in the four proposed formations?

12                  A           Yes, the additional problems of downhole  
13   commingling and dual completing increase the risk.

14                  Q           In your professional opinion is the im-  
15   position of a 200 percent penalty appropriate in this case?

16                  A           Yes.

17                  Q           Let me have you turn now to Exhibit Num-  
18   ber Four. Can you identify that for the Examiner?

19                  A           These are some numbers that were put to-  
20   gether based on the production from what I believe was iden-  
21   tified as Well No. 307M, a well similarly completed to the  
22   proposal here, that produced last year 763 MCF per day.

23                               I trimmed that to 762 so we could split  
24   it 50/50 handily; assumed a well cost of \$500,000, and the  
25   contract price of \$2.25 per MCF.

1                   If Caulkins' interest is 50 percent and  
2 El Paso's interest is 50 percent, then El Paso's revenue at  
3 381 MCF per day at \$2.25, would be \$858.37 and Caulkins'  
4 revenue each day would be likewise \$858.37.

5                   If El Paso has a \$3.96 override on their  
6 half, then their cost per day would be \$1508.76 for the 381  
7 MCF, leaving them a net revenue interest of a minus \$650.39  
8 per day.

9                   Each day that Caulkins pays out \$858.37  
10 El Paso would go in the hole \$650.39.

11                   Therefore there is no fund from which to  
12 pay out El Paso's half of the well which I left out the  
13 words "El Paso's" on this exhibit.

14                   Q           Or Meridian or whoever they are today.

15                   A           Meridian or Burlington, are however  
16 they're known these days.

17                   Q           Mr. Kendrick, do you have a professional  
18 opinion as to whether or not, given the burden which we have  
19 described in our exhibits and testimony, that Caulkins' cor-  
20 relative rights can be protected and the opportunity for  
21 Caulkins to produce its fair share of the hydrocarbons  
22 underlying its tract can be provided to Caulkins without a  
23 reduction in the excess royalty -- overriding royalty or ex-  
24 cess burden which exists on the 120 acres?

25                   A           Caulkins' interest cannot be protected

1 with the burdens in place unless the size of the drill tract  
2 is reduced to eliminate substantially all of the burdened  
3 acreage.

4 Q Do you have an opinion as to whether or  
5 not given the cost of drilling the well, the contract price,  
6 the percentages of interest that we've talked about today,  
7 and the dollar figure of the excess burden, the well would  
8 ever pay out?

9 A No, the El Paso interest of the well  
10 would go further in debt each day; instead of paying out it  
11 would go further in the hole instead.

12 Q Do you have anything to add to your  
13 testimony, Mr. Kendrick?

14 A No.

15 Q Were Exhibits Three and Four prepared by  
16 you?

17 A Yes.

18 Q Mr. Examiner, I tender Exhibits Number  
19 Three and Four and I have no other questions of the witness.

20 MR. QUINTANA: The Exhibits  
21 Three and Four will be accepted into evidence.

22 Mr. Pearce, is there cross  
23 examination?

24 MR. PEARCE: Thank you, Mr.  
25 Examiner.

## CROSS EXAMINATION

BY MR. PEARCE:

Q Mr. Kendrick, are you qualified as an expert in matters of lease construction and royalty obligations?

A No, sir.

MR. PEARCE: I think I have nothing further, Mr. Examiner.

MR. QUINTANA: Are there other questions of the witness?

If not, Mr. Kendrick, you may be excused.

MR. TAYLOR: I've got a question for Ms. Aubrey.

If Caulkins claims that because of the burden on the property that the well won't pay out, and assentially their correlative rights won't be protected, what do they actually want out of this thing?

MS. AUBREY: Let me clarify that, Mr. Taylor.

MR. TAYLOR: That's what I want is clarification.

MS. AUBREY: Be happy to do that.

1                   What Caulkins wants out of this  
2 hearing in addition to the order of the Division pooling El  
3 Paso's 50 percent interest in the unit, in the Blanco, Mesa-  
4 verde, and Basin Dakota formations, and the authority to  
5 dually complete the well and commingle the well in the man-  
6 ner in which we've discussed, Caulkins wants a remedy from  
7 the Division to protect its correlative rights against a  
8 working interest owner who by contract, or otherwise,  
9 creates overriding royalties or net revenue interest, or  
10 other payments out of production which are so large as to  
11 prevent any working interest owner in that unit from drill-  
12 ling a well.

13                   The situation that we have here  
14 is one in which Caulkins cannot under any state of economics  
15 drill and produce an economic well, and the reason for that  
16 is that they cannot recoup their share of the well cost  
17 against El Paso's interest, and the reason for that is that  
18 El Paso's interest is always a negative number.

19                   This problem is here today be-  
20 cause our New Mexico forced pooling statute specifically  
21 states that the risk factor and the cost of drilling the  
22 well are only recoverable out of the working interest and  
23 not out of the overriding royalty interest.

24                   If we had a situation as there  
25 are in some jurisdictions where we could reach that override

1 until payout with well costs, we would not have the problem  
2 we have today, but the problem we have today is that 70-2-17  
3 says you can't do that.

4 The remedy the Division has  
5 found in the past in Case 7922 was to give the person who  
6 has created the problem the opportunity to make an election  
7 whether to reduce the burden or to exclude the burdened ac-  
8 reage.

9 I believe the Division has the  
10 authority to do either of those things.

11 MR. QUINTANA: I take it, Ms.  
12 Aubrey, that even if El Paso had voluntarily joined in on  
13 the unit there'd still be a negative cash flow on their be-  
14 half.

15 MS. AUBREY: If El Paso had  
16 voluntarily joined, as I understand the facts, there would  
17 still be a negative cash flow because for every MCF of gas  
18 produced, actually sold at \$2.25, El Paso has some burden --  
19 some obligation, a contractual obligation, as I understand  
20 it, to pay out \$3.96.

21 MR. QUINTANA: Out of lease --  
22 out of lease production.

23 MS. AUBREY: Right. If there  
24 had been a voluntary joinder, that would have come out of El  
25 Paso's share. Caulkins would not have the opportunity to

1 ask for a penalty. There wouldn't be a penalty involved if  
2 there had been voluntary joinder, and if El Paso had volun-  
3 tarily joined, El Paso would have had to find the money to  
4 pay for its share of the well costs out of some other poc-  
5 ket.

6 So I don't think we would have  
7 the problem we have. They have not voluntarily joined.

8 MR. QUINTANA: Does it make  
9 sense for them to voluntarily join?

10 MS. AUBREY: I don't know  
11 whether it makes sense to El Paso to voluntarily join or  
12 not; apparently it does not or they would have done so.

13 MR. QUINTANA: I have no fur-  
14 ther questions.

15 Any closing statements?

16 MS. AUBREY: I've just given  
17 mine.

18 MR. QUINTANA: Mr. Pearce?

19 MR. PEARCE: Mr. Examiner, if I  
20 may, I believe that Caulkins is seeking two remedies in the  
21 alternative, one of which cannot be accomplished; the other  
22 of which should not be accomplished.

23 First, she seeks to have Meri-  
24 dian voluntarily reduce an overriding royalty which she says  
25 is held by Union Oil of California. We don't have any tes-



1 testimony in this record but I believe that if the Examiner  
2 consults with his counsel they will determine that that is  
3 not possible for Meridian to accomplish.

4 That interest, so far as this  
5 record reflects, is legally created, is a valid, outstanding  
6 interest. The economics of the present situation arise be-  
7 cause the price of natural gas at this time happens to be  
8 below an overriding royalty which is outstanding.

9 Mr. Verquer has indicated dur-  
10 ing his testimony that it is possible for this well to pro-  
11 duce a little gas and hold this lease. I suggest that one  
12 alternative may be to request Caulkins, if they wish to hold  
13 that lease with that well, to simply produce a little gas  
14 out of that well and hold its lease and hope, as we all do,  
15 the price of natural gas rises to such a point that this be-  
16 comes an economic venture.

17 The second alternative sugges-  
18 tion by the applicant is some sort of coercive nonstandard  
19 proration unit.

20 Counsel for Caulkins points to  
21 a case in which such an order has been entered in the past.  
22 I am not aware that that case was ever taken to the court-  
23 house to determine whether or not it is a valid order. In  
24 fact, it's my understanding that the parties resolved that  
25 matter after entry of the order.

1                   But I am also not convinced  
2 that the present posture of this case allows for considera-  
3 tion of a nonstandard proration unit. I believe the corres-  
4 pondence submitted by the Applicant in this matter shows  
5 some correspondence about a filing for a nonstandard prora-  
6 tion unit; that filing was in a different case and the case  
7 that we're considering right now is for compulsory pooling  
8 and certain other remedies.

9                   Meridian objects to the crea-  
10 tion of a nonstandard proration unit because that nonstand-  
11 ard proration unit on the basis that we believe is a tempor-  
12 ary economic condition, would exclude certain acreage from  
13 participation and yet apparently would drain reserves out  
14 from under the acreage which is not allowed to participate.

15                  We think that is not a reason-  
16 able basis for the creation of a nonstandrad proration unit.

17                  We recognize that the applicant  
18 in this case has a dilemma. We are not the holders of the  
19 burden which creates that problem. We cannot voluntarily  
20 reduce that burden. We do not know whether or not appli-  
21 cant has contacted Union Oil of California to get them to  
22 agree to reduce the burden that's on this property.

23                  But we do know that we can't do  
24 it and we do know that we do not believe this record con-  
25 tains sufficient evidence for the creation of a nonstandard

1 proration unit.

2 Thank you, Mr. Examiner.

3 MR. QUINTANA: Ms. Aubrey,  
4 would you care to make additional closing statements?

5 MS. AUBREY: Thank you, only  
6 briefly.

7 To describe our request for a  
8 nonstandard proration unit as coercive is to ignore the fact  
9 that by voluntarily entering into contractual relationships  
10 for overriding royalties which now exceed the price of  
11 natural gas, El Paso/Meridian has coercively created a sit-  
12 uation where Caulkins cannot produce one MCF of its gas out  
13 of the north half of Section 20.

14 Caulkins is not a party to  
15 whatever burden is on this lease. El Paso is.

16 To suggest that Caulkins is at-  
17 tempting to coerce El Paso is to simply reverse the true  
18 situation. It is Caulkins who is being coerced into sub-  
19 jecting its acreage to drainage from other wells and to its  
20 inability to produce any gas at all underlying the north  
21 half of Section 20.

22 MR. TAYLOR: Ms. Aubrey, if you  
23 would like us to try to figure out what we're going to do,  
24 it would probably be best if you'd provide us with a copy of  
25 whatever document purports to create this unconscionable in-

1   terest.

2                   MS. AUBREY: Well --

3                   MR. TAYLOR: Otherwise, as far  
4 as we see the evidence, there's really nothing in evidence  
5 that shows what that's going to be.

6                   MS. AUBREY: Well, Mr. Taylor,  
7 let me respond to that this way.

8                   We had the burden of coming  
9 forward with a preponderance of the evidence that a certain  
10 fact exists.

11                   Opposition appeared, they had  
12 the opportunity --

13                   MR. TAYLOR: Well, you don't  
14 have a copy of the document.

15                   MS. AUBREY: I do not have a  
16 copy of the document. My client is not a party to it. It  
17 has not been provided to you by the people who are sitting  
18 across the table here.

19                   I don't have it to give you and  
20 I don't believe I have to go any farther on my burden of  
21 proof to prove the existence of that than to put on uncon-  
22 troverted testimony, regardless of what the content of the  
23 closing statement was, about the existence of the burden.

24                   MR. TAYLOR: Mr. Pearce, would  
25 you like to provide us with a copy of that?

1 MR. PEARCE: If counsel for the  
2 Division would like to request a copy of those documents, we  
3 will be more than happy to provide them.

4 I think I should state to the  
5 Examiner and his counsel that it is some of the most convo-  
6 luted legal writing you will ever encounter and I will be  
7 glad to tender it to you without a summary.

8 Thank you.

9 MR. TAYLOR: Could we request  
10 that, then?

11 MR. PEARCE: Certainly. We'll  
12 be happy to provide that.

13 MS. AUBREY: Mr. Examiner, may  
14 we submit proposed orders in this case?

15 MR. QUINTANA: Yes, I was going  
16 to ask for proposed orders in this case. Will you please  
17 both submit proposed orders to me?

18 MR. PEARCE: Mine will be ex-  
19 tremely short.

20 MS. AUBREY: As was your case,  
21 right?

22 MR. QUINTANA: Are there fur-  
23 ther matters in this case?

24 If not, the case will be --  
25 Case 8640 will be taken under advisement.

1 Is there anything further in  
2 Docket Number 21-85?

3 MS. AUBREY: No, sir.

4 MR. QUINTANA: If not, Docket  
5 21-85 is officially closed.

6  
7 (Hearing concluded.)

8  
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## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY  
CERTIFY that the foregoing Transcript of Hearing before the  
Oil Conservation Division was reported by me; that the said  
transcript is a full, true, and correct record of the  
hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 8640  
heard by me on July 5 1985.

Gilbert P. Quintana Examiner  
Oil Conservation Division

100-443881-100



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

19 June 1986

COMMISSION HEARING

IN THE MATTER OF:

The disposition of certain cases  
called on this docket for which no  
testimony was presented.

CASE

8761

8640

BEFORE: Richard L. Stamets, Chairman  
Ed Kelley, Commissioner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Charles E. Roybal  
Attorney at Law  
Energy and Minerals Dept.  
525 Camino de Los Marquez  
Santa Fe, New Mexico 87501

1  
2 MR. STAMETS: The hearing will  
3 come to order.

4 We'll call first this morning  
5 Case 8761.

6 MR. ROYBAL: Case 8761.  
7 Application of Chevron Operating Company -- Chaveroo --  
8 Chaveroo Operating Company for salt water disposal, Lea  
9 County, New Mexico.

10 MR. STAMETS: At the request of  
11 the applicant this case will be dismissed.

12  
13 -----  
14

15 MR. STAMETS: Call next Case  
16 Number 8640.

17 MR. ROYBAL: Case 8640.  
18 Application of Caulkins Oil Company for compulsory pooling,  
19 downhole commingling, and dual completion, Rio Arriba  
20 County, New Mexico.

21 MR. STAMETS: At the request of  
22 the applicant this case will be continued to the August 7th  
23 Commission Hearing .

24  
25 (Hearings concluded.)

9  
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16  
17  
I have read this to the best of my ability.

Sergey M. Boyd CSR

## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY  
that the foregoing Transcript of Hearing before the Oil Con-  
servation Division was reported by me; that the said tran-  
script is a full, true, and correct record of the hearing,  
prepared by me to the best of my ability.

Sally W. Boyd CSR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

7 August 1986

COMMISSION HEARING

IN THE MATTER OF:

Application of Caulkins Oil Company      CASE  
for compulsory pooling, downhole com-      8640  
mingling, and dual completion, Rio  
Arriba County, New Mexico.

BEFORE: Richard L. Stamets, Chairman  
Ed Kelley, Commissioner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Commission:      Jeff Taylor  
Legal Counsel for the Division  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

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MR. STAMETS: We'll call first  
this morning Case Number 8640.

MR. TAYLOR: Application of  
Caulkins Oil Company for compulsory pooling, downhole  
commingling, and dual completion, Rio Arriba County, New  
Mexico.

(At this time Case 8640 was delayed until the  
end of the docket.)

MR. STAMETS: Case 8430, which  
was previously called, will be dismissed.

(Hearing concluded.)

## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY  
CERTIFY that the foregoing Transcript of Hearing before the  
Oil Conservation Division (Commission) was reported by me;  
that the said transcript is a full, true, and correct record  
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

19 November 1985

COMMISSION HEARING

IN THE MATTER OF:

Disposition of cases with no testi-  
mony during Commission Hearing held  
19 November, 1985.

CASE  
8614, 8640,  
8463

*Transcript in  
case 8614*

BEFORE: Richard L. Stamets, Chairman  
Ed Kelley, Commissioner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division: Elliot L. Weinreb  
Attorney at Law  
Energy and Minerals Dept.  
525 Camino Los Marquez  
Santa Fe, New Mexico 87501

For the Applicant:

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

26 February 1986

COMMISSION HEARING

IN THE MATTER OF:

The disposition of cases called on  
the Commission Docket for this date  
and which are continued or dismissed  
without testimony given.

CASE  
8463, 8796,  
8640, 8712,  
8690, 8219,  
8220

*Transcript in  
Case 8463*

BEFORE: Richard L. Stamets, Chairman  
Ed Kelley, Commissioner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Jeff Taylor  
Legal Counsel to the Division  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant: