



MR. SPURRIER: The next case on the docket is Case 445.

(Mr. Graham reads the notice of publication.)

MR. SPURRIER: Mr. Howell.

MR. HOWELL: Mr. Hollis will testify as our witness.

I think I can simplify this by making a very brief statement that this proposed unit contains the same provisions as the units which were submitted at the last hearing by the Phillips Petroleum Company, and this is approximately thirty thousand acres, and involves all of Township 28 N, Range 7 W, which is a short township, and all of that portion of Township 27 N, Range 7 W, except that portion which lies in the Rincon Unit, and except Sections 31 and 32 which have some Pictured Cliff production on it.

I might point out, if we will submit our Exhibit A, that the State Section 16 is surrounded by one lease, which is owned by one party, and in connection with the statement which probably will be made by the Pubco Company, I think it well to point out the physical location of the lease which surrounds Section 16.

We offer Exhibit A.

MR. SPURRIER: Without objection, it will be received.

MR. HOWELL: The land comprises approximately one and a half percent fee lands and approximately four percent State lands. Working interest owners, at the present time owning seventy-nine percent, have joined the unit agreement, and royalty interest owners, owning approximately eighty-three percent, have joined the unit agreement.

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I believe Mr. Hollis has testified before the Commission before and his qualifications are accepted.

MR. SPURRIER: They are.

W. T. HOLLIS,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. HOWELL:

Q Will you please state your name for the record?

A W. T. Hollis.

Q What is your position with the El Paso Natural Gas Company?

A Production Superintendent at Farmington.

Q Are you familiar with the proposed San Juan 28-7 Unit?

A Yes, sir, I am.

Q Under that unit I believe that there are now three wells which have been completed and that the unit agreement provides for drilling four Mesaverde tests and one Dakota

test?

A That's right.

Q In your opinion is that an appropriate area and appropriate plan for development?

A In my opinion it is; yes, sir.

Q And in your opinion would the operation of the unit and the development prevent waste and promote conservation of natural resources?

A Yes, it would.

MR. HOWELL: That's all.

MR. SPURRIER: Are there any questions of this witness? If not, the witness may be excused.

Does anyone else have a comment? Do you have another witness?

MR. HOWELL: No, that is all.

MR. GRAHAM: Might I ask if the matter has been cleared through the Land Office in the regular form?

MR. HOWELL: Yes, the unit has been submitted to the United States Geological Survey.

MR. GRAHAM: And the State Land Office?

MR. HOWELL: It has been filed with the State Land Office; yes, sir.

MR. SPURRIER: Mr. Gorham.

MR. GORHAM: My name is Frank Gorham with the Pub-co Development, Incorporated.

I would like to say our company concurs with the proposed unit in its entirety. And we have signed the unit agreement and operating agreement with one reservation, however, that State Section 16 should be withdrawn in the event that the Federal acreage surrounding that section does not go into the unit.

MR. HOWELL: We would have no objection in the event that Federal acreage which surrounds it cannot be signed up to the withdrawal of that section.

MR. GRAHAM: The owners or holders have been contacted?

MR. HOWELL: Negotiations are in process now.

MR. SPURRIER: What percentage? Do you know?

MR. HOWELL: That is approximately eight percent, I think, of the total there.

MR. SPURRIER: What percentage would you have in the unit committed to the unit if that was in? All the rest?

MR. HOWELL: We would have close to ninety percent.

MR. SPURRIER: Are there any other comments? You may be excused.

If there are no further comments, we will take the case under advisement and go on to Case 446.