

CASE 3556: Application of SOUTH-
LAND ROYALTY CO. for an unorth.
gas well location, Lea County.

Continued to 5-3-62

CASE NO.

3556

Application,

TRANSCRIPTS,

SMALL Exhibits

ETC.

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUY ON B. HAYR
MEMBER

P. O. BOX 2088
SANTA FE

May 11, 1967

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Clarence Hinkle
Hinkle, Bondurant & Christy
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 3556
Order No. R-3235
Applicant:
Southland Royalty Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A handwritten signature in cursive script, reading "A. L. Porter, Jr.".

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other _____

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. 3556
Order No. R-3235

APPLICATION OF SOUTHLAND ROYALTY COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 3, 1967,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of May, 1967, 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, Southland Royalty Company, seeks
authority to drill a wildcat gas well to the Pennsylvanian forma-
tion, or deeper, at an unorthodox wildcat gas well location
660 feet from the North line and 660 feet from the West line of
Section 20, Township 25 South, Range 35 East, NMPM, Lea County,
New Mexico.

(3) That the drilling of a well at the proposed location
will not result in violation of correlative rights.

(4) That approval of the subject application may result in
the discovery of a hitherto unknown common source of supply,
thereby averting waste.

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CASE No. 3556

Order No. R-3235

IT IS THEREFORE ORDERED:

(1) That the applicant, Southland Royalty Company, is hereby authorized to drill a wildcat gas well at an unorthodox wildcat gas well location 660 feet from the North line and 660 feet from the West line of Section 20, Township 25 South, Range 35 East, MNPM, Lea County, New Mexico, to test the Pennsylvanian or deeper formations.

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

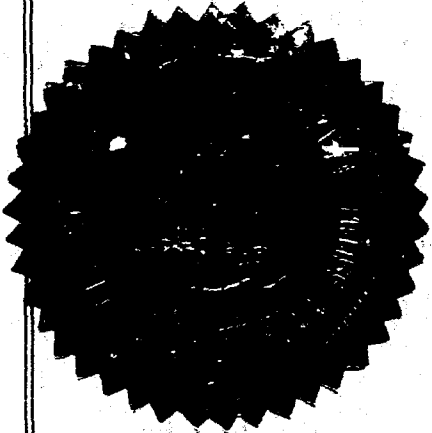
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


GUNTION B. HAYS, Member


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



esr/

Docket No. 13-67

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 3, 1967

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

CASE 3567: Application of Tenneco Oil Company for a dual completion, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Hospah Well No. 10 located in Unit C of Section 12, Township 17 North, Range 9 West, to produce oil from the South Hospah Lower Sand Oil Pool and gas from an undesignated Dakota pool through parallel strings of tubing.

CASE 3556: (Continued and readvertised)

Application of Southland Royalty Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a proposed Devonian gas test well at an unorthodox gas well location 660 feet from the North and West lines of Section 20, Township 25 South, Range 35 East, Lea County, New Mexico. The well would be dedicated to the N/2 of said Section 20.

CASE 3568: Application of Pubco Petroleum Corporation for compulsory pooling and an unorthodox location, 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 Lots 1, 2, 3, and 4 and the S/2 of the N/2 of Section 1, Township 29 North, Range 13 West, San Juan County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location for said pool 1040 feet from the North line and 360 feet from the East line of said Section 1.

Docket No. 14-67

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 10, 1967

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following case will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

CASE 3569: Application of American Trading and Production Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Southeast Lea Unit Area comprising 2,080 acres, more or less, of State lands in Township 20 South, Range 35 East, Lea County, New Mexico.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 26, 1967

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner,
or Daniel S. Nutter, Alternate Examiner:

CASE 3554: Application of Coastal States Gas Producing Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Flying "M" San Andres Unit Area comprising 4080 acres, more or less, of State, Federal and Fee lands in Township 9 South, Range 33 East, Lea County, New Mexico.

CASE 3555: Application of Coastal States Gas Producing Company for a pressure maintenance expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the pressure maintenance project in its Flying "M" San Andres Unit by the injection of water into the San Andres formation through 8 injection wells located in Sections 15, 16, 17, 20, 22, 28, 29 and 33, Township 9 South, Range 33 East, Lea County, New Mexico. Applicant further seeks the promulgation of special rules for said project, including provision for future expansion.

CASE 3556: Application of Southland Royalty Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a proposed Devonian gas test well at an unorthodox gas well location 660 feet from the North and West lines of Section 12, Township 25 South, Range 35 East, Lea County, New Mexico. The well would be dedicated to the N/2 of said Section 12.

CASE 3557: Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Inbe-Pennsylvanian Pool underlying the E/2 SW/4 of Section 13, Township 11 South, Range 33 East, Lea County, New Mexico.

CASE 3558: Application of BTA Oil Producers for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Lowe 671 Ltd. Well No. 1 as an exception to the well location requirements of Order No. R-2929 for the Nonombre-Upper Pennsylvanian Pool and the Nonombre-Lower Pennsylvanian Pool, Lea County, New Mexico. The proposed well would be located 560 feet from the North and West lines of Section 5, Township 14 South, Range 34 East.

- CASE 3559:** Application of BTA Oil Producers for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Flying "M"-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre proration units.
- CASE 3560:** Application of Phillips Petroleum Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Hat Mesa Unit Area comprising 7874 acres, more or less, of Federal and State lands in Township 21 South, Ranges 32 and 33 East, Lea County, New Mexico.
- CASE 3561:** Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Meyer B-4 Well No. 19 located in Unit O of Section 4, Township 21 South, Range 36 East, to produce oil from an undesignated Paddock pool and from the Oil Center-Blinebry Pool through parallel strings of tubing.
- CASE 3562:** Application of Continental Oil Company for a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Table Mesa Well No. 29 in Unit H of Section 9, Township 27 North, Range 17 West, San Juan County, New Mexico, to produce gas from the Table Mesa-Pennsylvanian "C" Gas Pool and from an undesignated Mississippian gas pool through the casing-tubing annulus and 2-inch tubing, respectively.
- CASE 3563:** Application of Skelly Oil Company for an amendment to the Southeast New Mexico Gas Proration Rules and Regulations. Applicant, in the above-styled cause, seeks an amendment to Order No. R-1670, as amended, Rules and Regulations for Pro-rated Gas Pools, Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, to provide an administrative procedure whereby wells ordered shut-in for extended periods to make up accumulated overproduction could be permitted to produce up to 500 MCF each month during such shut-in.
- CASE 3564:** Application of Maxwell Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Taylor Unit Area comprising 640 acres, more or less, of federal lands in Sections 12 and 13, Township 18 South, Range 31 East, Eddy County, New Mexico.

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Docket No. 12-67

April 26, 1967 Examiner Hearing

CASE 3565: Application of Jomar Industries, Inc. for a non-standard oil proration unit, several non-standard locations, temporary exception to Rule 307, and capacity allowances, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill 64 oil wells at non-standard locations on a non-standard oil proration unit comprising the S/2 NW/4 SE/4 and the N/2 SW/4 SE/4 of Section 30, Township 18 South, Range 38 East, Lea County, New Mexico, for production from the Ogallala formation. Said wells would be drilled to a density of four wells to each 2.5 acres and would be no nearer than 82.5 feet to the outer boundary of the unit and no nearer than 165 feet to another well producing from the same formation. Applicant also seeks a temporary exception to Rule 307 for each well to permit utilization of a vacuum-type drilling unit during the drilling and completion operation. Applicant further seeks authority to produce the wells at capacity even though the aggregate production from said wells exceeds the 40-acre normal unit allowable.

CASE 3566: Application of William A. and Edward R. Hudson for a waterflood expansion, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to expand their Puckett Waterflood Project, Maljamar Pool, by the injection of water into the Grayburg-San Andres formations through 10 wells in Sections 24 and 25, Township 17 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks an administrative procedure for future expansion of said project.

ir/

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
MICHAEL R. WALLER
STUART D. SHANOR

LAW OFFICES
HINKLE, BONDURANT & CHRISTY
600 HINKLE BUILDING
ROSWELL, NEW MEXICO 88201

April 12, 1967

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MAIN OFFICE 000

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MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) MU 3-4691
OF COUNSEL: HIRAM M. DOW

TELEPHONE (505) 622-6510
POST OFFICE BOX 10

Case 3556

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith in triplicate application of Southland Royalty Company for an unorthodox well location in the N₂ Section 20, Township 25 South, Range 35 East, Lea County.

I have previously discussed this matter with Mr. Dan Nutter and it is my understanding that this application will be included on the examiner's docket for April 26.

Yours sincerely,

HINKLE, BONDURANT & CHRISTY

By 

CEH:cs
Enc.

cc: W. M. Bosworth

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

MAIN OFFICE
'67 APR 13 PM 1 15

Application of Southland Royalty Company
for an unorthodox wildcat gas well location
in the N $\frac{1}{2}$ Section 20, Township 25 South,
Range 35 East, Lea County, New Mexico.

Case 3556

Applicant proposes to communitize the N $\frac{1}{2}$
of said Section 20 for the purpose of
drilling a well to a depth sufficient to
test the Devonian formation and seeks an
exception to subdivision (a) of subsection
B of Rule 104 of the Oil Conservation Com-
mission with respect to the location of
said well

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes Southland Royalty Company, acting by and through the
undersigned attorneys, and hereby makes application for an unorthodox
wildcat gas well location to be located 6600 feet from the North and
West lines of Section 20, Township 25 South, Range 35 East, N.M.P.M.
Lea County, New Mexico, and in support thereof respectfully shows:

1. Applicant has entered into an agreement with the owners
of the oil and gas leases covering the N $\frac{1}{2}$ of Section 20, Township
25 South, Range 35 East, to communitize the N $\frac{1}{2}$ of said section, subject
to the approval of the United States Geological Survey as to the Federal
lands involved, for the purpose of drilling a well which is projected
as a gas well to a depth sufficient to test the Devonian formation at
a depth of approximately 16,000 feet. The N $\frac{1}{2}$ of said section is com-
prised of four separate tracts consisting of 240 acres of Federal land
and 80 acres of fee or privately owned lands, and it is necessary to
communitize said tracts to form a well spacing unit consisting of 320
contiguous surface acres for the drilling of a wildcat gas well as
provided by subdivision (a) of subsection B of Rule 104 of the rules
of the Oil Conservation Commission.

2. That the normal location for the spacing unit comprising the N $\frac{1}{2}$ of Section 20, Township 25 South, Range 35 East pursuant to the rules of the Commission would be 660 feet to the nearest side boundary of the dedicated tract and 1980 feet to the nearest end boundary. Applicant, who is to be the operator of said communitized area, seeks an exception to said rule for the location of the initial test well 660 feet from the North and West boundaries of said section 20 due to the fact that it is estimated said well, which is projected to a depth in excess of 16,000 feet, will cost in the neighborhood of \$750,000.00 and that by moving said location 1320 feet to the West applicant and the parties participating with applicant in the drilling of said well can obtain substantial dry hole contributions which cannot otherwise be obtained. Furthermore, due to the fact that said well is in an area in which no other wells have been drilled for a radius of several miles to a depth sufficient to test the Devonian formation, it is believed to be extremely important and in furtherance of orderly development that the exception be made as there is nothing to indicate that such a location would not be in the interest of conservation or the prevention of waste or the protection of correlative rights.

3. It is requested that this matter be set down at the examiner's hearing to be held on April 26, 1967.

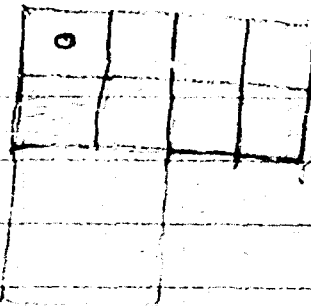
Respectfully submitted,

SOUTHLAND ROYALTY COMPANY

By 

Member of the Firm of
HINKLE, BONDURANT & CHRISTY
Attorneys for Applicant
Box 10
Roswell, New Mexico

Clarence Hinkle



Southland Payroll Co

N/2 (12) 255 35E

16000' Dev Test

Should
be 20

unorthodox loc.

660' FNL & 640 FNL

dearnley-meier reporting service, inc.

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

1120 S. IRLAND BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

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

April 26, 1967

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of Southland Royalty)
Company for an unorthodox gas)
well location, Lea County, New)
Mexico.)

Case No. 3556

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please.

We have two dismissals and one continuance which we will take up first so you'll all be advised as to what's left.

Case 3556.

MR. HATCH: Application of Southland Royalty Company for an unorthodox gas well location, Lea County, New Mexico.

If the Examiner please, that case was advertised incorrectly, it should have been Section 20 rather than Section 12. The case has been readvertised and I request that it be continued till May the 3rd, 1967.

MR. UTZ: 3556 will be continued to 5-3-67.

My Commission Expires:

July 19, 1967.

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1400 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

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STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

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

Witness my Hand and Seal this 8th day of May, 1967.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2556 heard by me on April 26, 1967.
Thurston J. [Signature], Examiner
New Mexico Oil Conservation Commission

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 3, 1967

EXAMINER HEARING

IN THE MATTER OF:

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR AN UNORTHODOX GAS
WELL LOCATION, LEA COUNTY,
NEW MEXICO.

Case No. 3556

BEFORE: Daniel S. Nutter
Examiner

TRANSCRIPT

(Whereupon, Applicant's Exhibit Number 1 marked for identification.)

MR. NUTTER: Call Case Number 3556.

MR. HATCH: Application of Southland Royalty Company for an unorthodox gas well location, Lea County, New Mexico.

MR. HINKLE: Clarence E. Hinkle, Hinkle, Bondurant and Christy, Roswell, New Mexico, representing the Southland Royalty Company. We have one witness: Mr. Bill Bosworth.

(Witness sworn.)

BILL BOSWORTH, called as a witness by the Applicant, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, residence, and by whom you are employed.

A My name is Bill Bosworth. My residence is Midland, Texas. I am employed by Southland Royalty Company.

Q In what capacity are you employed by Southland?

A District Landman.

Q How long have you been employed by Southland?

A In excess of twelve years.

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Q Are you familiar with Southland's operations in New Mexico?

A I am.

Q Are you familiar with the application of Southland in Case 3556?

A Yes.

Q What is Southland Royalty Company seeking by this application?

A We are seeking approval from the Commission to drill a 16,000-foot Devonian gas test well at an unorthodox location.

Q Refer to Applicant's Exhibit One, and explain to the Commission what this is and what it shows.

A I believe each of you gentlemen has a copy of Exhibit One. Exhibit One shows the area of interest, being what Southland has called the South Antelope Ridge area. This encompasses all of the acreage in this particular area of interest. It also shows the leasehold ownership, expiration dates of leases and federal and state numbers applied to each lease.

Q Was this plat, which is marked Exhibit A, as well as Applicant's Exhibit One, gotten up in connection with the proposed Unit Agreement?

A Yes. The outcome intended to form a unit consisting of these thirty-three sections; however, due to the tremendous

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volume of fee mineral owners, being in excess of 150, it became an impossible chore. Therefore, the proposed unit was abandoned.

Q Now, it appears from this plat that the Gulf Oil Company owned the bulk of the acreage in this area. Has Southland made any agreement or farmout deal with Gulf?

A Yes. Southland has drilled this proposed test, which you will note on the Exhibit, would be on Gulf's acreage.

Q Now, what acreage are you referring to here that the well will be located on?

A The north half of Section 20, Township 25 South, Range 35 East.

Q Is the north half of 20, all in one lease or is it in several leases?

A It's in four base leases.

Q Are those federal or fee or what?

A There are two federal leases, expiring 8-27-67; and two fee leases, which expire in 1971 and '72.

Q Under your agreement with Gulf, have you agreed to drill a well in the north half of 20?

A Yes, we have.

Q To what depth?

A 16,000 feet.

Q What would that test?

A The Siluro-Devonian Formation.

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Q And where did you propose to locate that well?

A In the northwest quarter of the northwest quarter of Section 20, being 660 feet from the north line and 660 feet from the west line of said Section 20.

Q Now, the normal location, under the rules of the Commission, would be where?

A Would be 660 from the north line and 1980 from the west line of said section.

Q If the north half of 20 is dedicated to the well --

A That's right.

Q Now, will it be necessary to communitize these four, on account of being four leases involved?

A It will be.

Q Have you made any efforts to the communitization at this time?

A Yes, we are in the process at this time.

Q Have you contacted the U. S. G. S. with reference to their approval of the Communitization Agreement?

A Yes, I talked to John Anderson in Roswell, the head of U. S. G. S. in Roswell, and he has advised that he will approve a communitization of this north half of Section 20 for drilling this well.

Q Have you also talked to him with respect to an unorthodox location?

dearnley-meier reporting services

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

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A Yes, I have. This, too, subject to approval of this Commission, is approved by the U. S. G. S.

Q In other words, the U. S. G. S. has indicated it has no objection to the unorthodox location?

A That's right.

Q Have there been any other deep wells drilled in this particular area?

A Not in the immediate area. Off the plat, in the extreme northwest corner, a deep test was drilled. I believe it was two years ago, which would make it in excess of seven miles from this location. This test resulted in a drill hole, the one I mentioned. That is the closest deep test.

Q This proposed test, then, is more or less of a rank wildcat?

A We consider it extremely rank wildcat.

Q What is the estimated cost of the well?

A \$750,000.00 to test the Siluro-Devonian at 16,000 feet and, naturally, a much greater cost, should the well go to the Ellenburger.

Q And if it should run high, you probably will carry it to the Ellenburger?

A Yes.

Q What is the projected depth of the Ellenburger?

dearnley-meier 1800112

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A Approximately, 19,000 feet.

Q You're speaking about the cost of the dry hole?

A That's right, at \$750,000.00.

Q It would cost considerably more to complete it as a producing well?

A A considerable amount, yes.

Q In other words, you are talking about, approximately, a million dollars if it's completed?

A In excess of a million dollars for a completed well.

Q Now, in connection with your Farmout Agreement with Gulf, do you have any projected contributions toward the well?

A Yes, we do. We have some adjoining neighbors to the west and to the north that have agreed to make a substantial contribution if the well can be located in the northwest quarter of the northwest quarter of Section 20 at this requested unorthodox location.

Q Who are the ones who proposed making contributions?

A It's Tenneco Oil Company, Tidewater Oil Company, and Sinclair Oil Company.

Q Now, where do they have acreage in this block?

A Their acreage is in Sections 1, 2, 13 and 24, Township 25 South, Range 34 East, and in Sections 17 and 18, Township 25 South, Range 35 East.

dearnley-meier

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Q Now, I notice that the Superior also has an interest in some of the acreage in 17 and 18.

A That's right.

Q Do you anticipate a contribution from Superior, also?

A Yes, we do.

Q Now, will you be able to secure these contributions in the event you are not permitted to make an unorthodox location?

A No, sir.

Q Is it necessary, as far as Southland is concerned, in order to drill this well, to have these projected contributions?

A Well, due to the tremendous expense of drilling this well, this dry hole contribution, which has been offered, if the well is drilled in the northwest quarter of the northwest quarter, would make a great economic difference in drilling this location.

Q Now, from the standpoint of those who are making contributions, do they have any information, geological information, on this area?

A Yes, they do. Southland has used Gulf's own geophysical records, plus doing our own work. We have also

seen Tidewater's, Tenneco's, and Sinclair's work in this area, and these latter three companies believe that the seismic anomaly from their pictures is pulled to the west; therefore, this is the reason they own the acreage they do in this particular area.

Q And is that one of the reasons why they want the well located in the northwest quarter of the northwest quarter?

A That's right.

Q And according to the Gulf pictures and your pictures, it wouldn't make too much difference --

A No, it would not.

Q -- moving it 1320 feet? But, according to the pictures of Tenneco and Tidewater and Sinclair, it would make a material difference?

A Yes, it would.

Q And that is the reason why they want the location changed?

A That's correct.

Q Do you know of any reason why, if this well is drilled at an unorthodox location, correlative rights would not be protected or it would not be in the interest of conservation in the prevention of waste?

A No, I do not.

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MR. HINKLE: I believe that's all I have.

I'd like to offer in evidence Exhibit One.

MR. NUTTER: Southland's Exhibit One will be admitted in evidence.

(Whereupon, Applicant's Exhibit Number 1 admitted in evidence.)

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Bosworth, the well is moved from an orthodox location to the west. Now, if the acreage immediately to the west is Gulf's lease, shown there as Tract Number 1, is the ownership of this acreage, insofar as Gulf or Southland is concerned, the same as the acreage on which the well will be drilled?

A It's the same. It was carved out of an original base lease, yes, if this is the question you are asking.

MR. HINKLE: Well, will the ownership be uniform after you earn this acreage by the amount of drilling as between the Southland --

Q I mean, you are not moving over from the lease that has a different ownership than the one you are on?

A No, sir.

MR. NUTTER: Are there any questions of Mr. Bosworth? You may be excused.

(Whereupon, the witness was excused.)

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Does anyone have anything they wish to offer in
Case 3556? We'll take it under advisement.

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STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

I, CHARLOTTE J. MACIAS, Court Reporter, do hereby
certify that the foregoing and attached transcript of
proceedings before the New Mexico Oil Conservation Commission
Examiner at Santa Fe, New Mexico, is a true and correct record
to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have affixed my hand and notarial
seal this 9th day of May, 1967.

Charlotte J. Macias
Notary Public-Court Reporter

My Commission Expires:
February 10, 1971.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner Hearing, Case No. 354,
heard by me on 5/3, 1967.

Chas. J. Macias, Examiner
New Mexico Oil Conservation Commission