

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

Transcript of Hearing in
Case No. 667

February 18, 1954
Regular Hearing.

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
at
Santa Fe, New Mexico
February 18, 1954
Afternoon Session

In the Matter of:

The application of Francis L. Harvey for compulsory pooling or approval of an unorthodox drilling unit consisting of less than 160 acres for the production of gas from the Pictured Cliffs formation in NW/4 Section 29, Township 29 North, Range 10 West, San Juan County, New Mexico, in the Aztec-Pictured Cliffs Gas Pool; and giving notice to Mamie E. Morgan and Dr. Eugene M. Davie, and any person or persons claiming an interest in the lands described herein.

Case No. 667

MR. SPURRIER: The Meeting will come to order. The first case on the docket is case 667.

(Notice of Publication read.)

MR. KELLAHIN: If the Commission please, Jason Kellahin, representing Francis L. Harvey, the applicant in this petition. The application is for the approval of an unorthodox drilling unit consisting of less than 160 acres for the production of gas from the Pictured-Cliffs formation. The application is confined to the Pictured-Cliffs formation only. In the NW/4 of Section 29, Township 29 North, Range 10 West, San Juan County, New Mexico in the Aztec-Pictured Cliffs Gas Pool in San Juan County or in the alternative for forced communitization of 25 acres lying within the described quarter section which are not committed to the well operated by the applicant in this case. The well involved in this case, if

the Commission please, was drilled as a farmout from Stanolind Oil and Gas Company, and Stanolind retained the deeper rights conveying only the Pictured Cliffs gas rights insofar as the petitioner is concerned. The leases were obtained by Stanolind and not by the petitioner in this case, and there is a plat attached to the petition which is in the files of the Commission, showing the acreage which is committed to the well and that acreage which is not. There is 15 acres held in the name of Mayme Morgan, and others in the northwest quarter of the quarter section, and ten acres held by Eugene Davie which is located in the southwest quarter of the quarter section. The well is located in an unorthodox location designated Offback Taylor Number One. It was producing and by order of the Commission was shut in due to the fact that the 160 acres was not committed to the well.

MR. SPURRIER: When was it shut in?

MR. KELLAHIN: I don't have the date. I am sorry. I believe it was drilled a year before and they received a gas line connection in November, and if I am not mistaken, it was in December that the well was shut in. Unfortunately, I am without a witness. I have only the file which was furnished me by Stanolind Oil and Gas Lease Department and we had a witness here available, here yesterday who could identify these. If there is no objection on the part of anyone present, I don't believe it would be out of the way to introduce them. If it is, of course, we could get the land man to return to Santa Fe.

MR. SPURRIER: Without objection the exhibits will be admitted.

MR. KELLAHIN: There are four, one is a letter directed to Mr. C. H. Nye of Aztec who secured the leases secured by Mrs. Nye,

which she agreed to lease the lands which are now held in the name of Mayme Morgan. However, these lands had been conveyed by her mother to three children and we never were able to get any further correspondence from any of the parties involved, although lease forms were sent to all of those involved. They had the opportunity to lease our acreage. I don't believe it would be necessary to read the letter since I am offering it. The tenure is, while she agrees, there are three other children who would have to agree and that an agreement was never secured. The Exhibit Two shows the acreage which is held by Mayme Morgan and others, the others being her three brothers who live in, one in California and the best we could find out, the others were in Honolulu, but we never obtained any address for them. The Exhibit Number Three is a letter from the Island Engineering Company covering their efforts to secure that same lease. It shows that the company was attempting to secure leases. The Exhibit Number Four is a note on the bottom of the plat showing that the lands held by Mr. Davie to be ten acres, which at that time were held, at that time by a Mr. Adair, and he was quoted as saying that, "the tract was too small to do anyone any good. If someone would pay me two or three times what the land was worth, I would consider signing a lease." So that is the situation with which Stanolind is faced in attempting to get these tracts of land. I offer these four exhibits in evidence.

MR. SPURRIER: As I said before, without objection, they will be admitted.

MR. KELLAHIN: We are not adverse to compulsory pooling on this tract. However, due to the fact that we do not have the names of all the parties in interest and it was impossible to serve any notice on them other than the publication which was made by the

Commission, I think it would be more proper for the Commission to enter an order approving an unorthodox location in the event of prorationing. We would of course accept a reduced allowable and it would be satisfactory to us if you leave the order open so that anyone who wishes to commit this additional acreage to this well, we will accept it on a reasonable basis. That completes our case.

MR. SPURRIER: Is there anyone else to be heard in this case?

MR. STANLEY: Could I ask Mr. Kellahin a question off the record?

MR. SPURRIER: Yes.

(Off the record.)

MR. SPURRIER: If no further comment in the case we will refer it to the Commission and go on to case 668.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 667 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on February 18, 1954, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 22nd day of February, 1954.


COURT REPORTER

OCC SFE
GURLEY TO ARNOLD

PLEASE CHECK COURT HOUSE RECORD FOR ADDRESS OF DR EUGENE N DAVIE
OWNER OF WEST 10 ACRES OF SW/4 NW/4 SECTION 29 N RANGE 19 WEST
SUGGEST YOU CONTACT B NYE ABTRACTOR IF YOUR RECORD CHECK FAILS TO
DEVULGE INFORMATION
END OR GA

WE HAVE NOTICE OF INTENTION TO DRILL FILED BY R E JACKSON FOR THE
SW4 OF 24-29-11 WHICH HE CALLS THE NO 1 EUGENE N DAVIE AND HE GIVES
DAVIES ADDRESS AS MEDFORD UTAH. DO YOU WANT US TO CHECK AT THE
COURTHOUSE AND SEE IF THIS JIBES.
END OR GA

WOULD APPRECIATE CHECK AT COURT HOUSE TO DETERMINE STREET ADDRESS
IF AVAILABLE THANKS END OR GA

OK WILL CALL YOU BACK END

OCC SFE 5942 GA PLS

OCC AZTEC JZNUARY 17

ARNOLD TO GURLEY

HAVE CHECKED AND FOUND THAT DR DAVIES ADDRESS IS BOX 188 MILFORD UTAH
END OR GA

END

Medford Utah.

JANUARY 3, 1956

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
SANTA FE, NEW MEXICO

RE: CASE No. 667
ORDER NO. R-413

DEAR SIR:

I OWN THE 10 ACRES DESCRIBED AS THE WEST 10 ACRES OF THE SW $\frac{1}{4}$ NW $\frac{1}{4}$ OF SEC. 29, TWP. 29 N., RANGE 10 W, N.M.P.

AN "UNORTHODOX DRILLING UNIT" WAS GIVEN TO FRANCIS L. HARVEY ON FEBRUARY 17, 1954 EXCLUDING MY 10 ACRES FROM THIS DRILLING BLOCK.

WOULD LIKE TO KNOW WHAT MY RIGHTS ARE TO THE MINERALS UNDERLYING THE SAID TEN ACRES.

PLEASE EXPLAIN FOR ME PARAGRAPH 2 ON PAGE 3 WHERE IT IS STATED:

"THAT THE OWNER OR HOLDER OF THE MINERAL RIGHTS TO ANY ACREAGE NOT COMMITTED TO SAID UNIT BUT LYING WITHIN THE NW $\frac{1}{4}$ SEC. 29, TWP. 29 N., RGE. 10 W., MAY, AT HIS ELECTION COMMIT SUCH ACREAGE TO SAID UNIT AND OBTAIN HIS EQUITABLE PROPORTIONATE SHARE OF THE PRODUCTION FROM SAID UNIT, UPON SUCH TERMS AS ARE JUST AND REASONABLE."

DOES THIS MEAN THAT I CAN EXPECT ROYALTY PAYMENT ON MY PROPORTIONATE SHARE FROM THE TIME PRODUCTION BEGAN?

I WILL APPRECIATE YOUR HELP AND ADVICE CONCERNING THIS MATTER.

SINCERELY,

Eugene N. Davie, M.D.

EUGENE N. DAVIE, M.D.

END/R