

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 818

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

A Yes, sir.

Q In connection with the creation of that unit, have you sought to obtain the consent of all of the royalty owners as well as the working interest owners to a unit agreement?

A I have.

Q For the unit's possession of the Lots 2, 7 and 10, in Section 4, Township 21 South, Range 37 East?

A I have.

Q In that attempt, were you able to obtain the consent of the majority of the royalty owners and the working interest owners?

A Yes. We are the holder of the working interest, and we have obtained a written consent from all of the royalty owners under Lots 2, 7 and 10, with the exception of these individuals who hold an interest in the royalty under Lots 2 and 7 only: M. F. Taylor and wife, Box 573, Amarillo, Texas. Their interest is one fourth of one eighth of eight eighths. R. B. Glenn and wife, 1220 Milam, Amarillo, Texas, their interest is one fourth of one eighth of eight eighths; L. H. Puckett and wife, 2700B West Haven Circle, Amarillo, Texas, one eighth of one eighth of eight eighths.

Q Now, did you, or someone at your instigation, contact each of those three parties?

A I contacted all of them myself.

Q And what reaction did you get from them, in regards to the communitization of the acreage? Were they agreeable, or did they refuse to execute the agreement?

A They refused to execute the agreement.

Q I hand you here an instrument marked Exhibit One, in Case Number 818, and ask you if that instrument purports to be one of

the many copies of the agreement entered into by royalty owners and working interest owners.

A It is.

Q Mr. Johnston, in your working interest, you have two partners, is that correct, or two associates?

A That is correct.

Q And what two are those?

A Morris R. Antweil Oil Operator, Hobbs, New Mexico, and Jennings Drilling Company, Hobbs, New Mexico.

Q Who is the operator of the properties?

A The Famariss Petroleum Corporation.

Q Now, I notice in your application that you referred to a failure to have the signature of one Mrs. Kyte .

A That is correct.

Q Have you obtained the signature of her husband?

A Yes, we have.

Q Where is Mrs. Kyte at the present time?

A In California.

Q What is her residence in New Mexico?

A Box One, Roswell, New Mexico.

Q Do you know why her absence from the State, and her inability to be contacted prior to this hearing?

A Only in that so far as she was visiting in California and was not available when I contacted Mr. Kyte..

Q Did you receive any assurance of any kind from Mr. Kyte as to her willingness to execute the agreement?

A I did. He asked me to send him copies of this agreement, that he would forward to her for her signature.

Q Now, if the Commission enters an order and unitizes this tract, will each of the royalty owners get their proportionate part, based on their acreage as to the total acreage?

A They will.

MR. GIRAND: We would like to offer this agreement. I believe that is all.

MR. MACEY: Mr. Girand, is this agreement substantially the same agreement that you filed with the application?

MR. GIRAND: Yes.

MR. MACEY: Is the agreement just merely a copy, without any signatures?

MR. GIRAND: Yes.

MR. MACEY: Wouldn't you prefer to have this executed and --

MR. JOHNSTON: If you will check the file, I believe the copy does have the signatures on it.

MR. MACEY: I thought it might expedite your handling of the thing, if you had one with the signatures on it. Is there objection to the introduction of Exhibit One in Case 818? If not, the exhibit will be received. Mr. Kitts?

MR. KITTS: You probably stated it, but I didn't hear it. What is the interest of Mr. and Mrs. Kyte?

A One eighth of one eighth of eight eighths, under lots 2 and 7.

MR. KITTS: Do you expect to receive her approval on that soon?

A Yes, I do.

MR. KITTS: That will be forwarded to the Commission?

A Yes, sir.

MR. MACEY: Are there any other questions of the witness?

MR. REEDY: I have one question, sir.

CROSS EXAMINATION

By MR. REEDY:

Q R. B. Glenn, and L. H. Puckett, their royalty interest is in which lots?

A I couldn't hear you.

Q Which lots are the royalty interests of Glenn and Puckett?

A Two and 7, as well as Mr. Taylor.

MR. MACEY: As I understand it, there are three people who have failed to execute the agreement.

A That is correct.

Q Mr. Taylor and his wife, R. B. Glenn and wife, and L. H. Puckett and wife?

A That is right.

Q And they own the royalty under Lots 2 and 7; the well is located on Lot 10, and you are communitizing Lots 2, 7 and 10, by virtue of the agreement?

A Yes, sir. They own only that proportionate part royalty under Lots 2 and 7.

MR. MACEY: Any other questions of the witness? If not the witness may be excused. Do you have anything further?

MR. GIRAND: That is all we have.

MR. MACEY: Mr. Girand, I believe that we would appreciate receiving a suggested form of order in this particular case. I think it would help us out.

MR. GIRAND: All right, sir.

(Witness excused)

STATE OF NEW MEXICO)
 : ss.
COUNTY OF BERNALILLO)

I, HELEN PURCELL, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission 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 21st day of January, 1955.



NOTARY PUBLIC, COURT REPORTER

MY Commission Expires:
December 18, 1957