

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
November 16, 1955

IN THE MATTER OF:

CASE NO. 978

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 16, 1955

IN THE MATTER OF:)

Application of Phillips Petroleum Company)
for an order pooling the rights and interests)
of all persons having the right to drill for,)
produce or share in the production of gas)
from the Devonian formation underlying the)
SE/4 Section 28, Township 25 South, Range)
37 East, Lea County, New Mexico, in the)
Crosby-Devonian Gas Pool.)

Case No. 978

BEFORE:

Honorable John F. Simms
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 978.

MR. KELLAHIN: Jason Kellahin, appearing for Phillips Petroleum Company. If the Commission please, this is a case involving the forced pooling of fractional interests underlying the southeast quarter of Section 28, Township 25 South, Range 37 East in the Crosby-Devonian Gas Pool. As a preface to our presentation of the case, we would like to say that it is our interpretation of the Statute that the pooling of the working interests in the unit certainly under the provisions of R-639 which established pool rules for the Crosby-Devonian Pool, a unit of 160 acres, which unit should be a legal subdivision in which all of the interest has been consolidated. We have one witness, Mr. Keller.

C. F. K E L L E R

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. KELLAHIN:

Q State your name, please.

A C. F. Keller.

Q By whom are you employed, Mr. Keller?

A Phillips Petroleum Company in Midland, Texas.

Q What position do you occupy with the Phillips Petroleum Company?

A Division landman.

Q Have you testified before the Commission previously?

A Yes, I have.

Q As a landman?

A Yes, I have.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. MACEY: They are.

Q Are you familiar with Phillips' application in Case 978?

A Yes, sir.

Q Are you familiar with the ownership of the interest underlying that acreage?

A Yes, I am.

Q Would you tell the Commission briefly what that is?

A The north sixty acres of the southeast quarter is covered by two oil and gas leases owned by Phillips Petroleum Company which cover an undivided three-fourths interest. The other one-fourth interest under this sixty-acre tract is not presently under lease, but is owned by Charles B. Wrightsman and others.

Q How many others?

A Forty-nine others.

Q Fifty-two, I believe.

A Fifty-one others. The south 100 acres of the southeast quarter is owned by the Woodley Petroleum Company and they have a full-interest lease covering that 100 acres.

Q In connection with that, have you examined the application with particular reference to Exhibit A which is attached thereto?

A Yes, I have.

Q Does that correctly reflect the interests which have not been leased?

A Yes, it does.

Q Has any pooling agreement been reached involving the southeast quarter of Section 28?

A Yes, we have a unit operating agreement which has been executed by a number of parties, calculated on a percentage basis. The following parties have executed this agreement: Phillips is the owner of a 28.125 percent interest; Woodley Petroleum Company, 62.5 percent interest; Charles B. Wrightsman, 8.78527 percent; Gail White Corporation, .16254 percent, and W. B. Trammell, .08465 percent. Those interests represent a total of 99.65746 percent. The balance, which is .3425 percent, is owned by forty-nine individuals and they have not executed the agreement.

Q Are these individuals among those whose names appear in Exhibit A attached to the petition?

A Yes, they are.

Q Have you secured pooling agreement from a portion of those who appear on Exhibit A?

A A portion, yes.

Q Is there a well on this proposed unit?

A There is a well drilling at the present time.

Q Could you state generally what the status of that well is at the present time?

A I don't know the exact drilling well, but it is 8500 Devonian test, and it is getting close to the Devonian, I understand.

Q Have you prepared any estimate as to the cost of drilling the well?

A We estimate a drilling of ^{one} / 8500 foot, \$171,854.00.

Q On that basis what would the share of the cost of the unpooled interest be?

A Their part of the cost of the well would be \$588.

Q Just as an example to the Commission, have you figured what the largest unpooled interest would be and what its share of the cost would be?

A Yes, the largest of the forty-nine individual interests is one which represents a .04363 percent interest in the unit, and based on this cost of \$171,854.00 his proportionate share of the well cost would be \$75.00.

Q Have you figured an average cost for the unpooled interest?

A One of the average interests is one that is a .01701 percent interest. His proportionate part would be \$29.00.

Q What about the smallest unpooled interest?

A The smallest individual interest which hasn't been pooled is .00021 percent. His proportionate part of the well cost would be approximately thirty-five cents.

Q Mr. Keller, has any effort been made to secure signatures of these individuals to the pooling or operating agreement?

A No, there has not been, because we do not feel it would be

practical. We have found through experience that it is almost im- possible to obtain the signature of an individual to such a pooling agreement without personal contact. We estimate that it would probably cost us about \$7500 to go out and attempt to obtain these signatures. That would hardly offset their proportionate share of the well cost of \$588.

Q Do you have anything you care to add to that?

A I believe not.

MR. KELLAHIN: That is all.

MR. MACEY: Any questions of the witness? If not, the witness may be excused.

MR. KELLAHIN: That is all we have.

MR. MACEY: We will take the case under advisement.

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STATE OF NEW MEXICO)
: SS
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, 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.

Ida Dearnley
NOTARY PUBLIC-COURT REPORTER

My commission expires:

June 19, 1959.