

BEFORE THE  
OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO  
April 23, 1957

IN THE MATTER OF  
CASE NO. 1240

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE - SANTA FE  
3-6691 2-2211

Application of Leslie Frank Hale, dba Hale Production Company, for approval of an unorthodox oil well location in Section 22, Township 21 South, Range 34 East, Lea County, New Mexico, in exception to Rule 104 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing the unorthodox location of its Sanders State Well No. 1 at a point 2,386 feet from the South line and 670 feet from the West line of Section 22, Township 21 South, Range 34 East, Lea County, New Mexico; said location is within one mile of the boundary of the West Wilson Pool.

BEFORE:

Daniel S. Nutter, Examiner.

## TRANSCRIPT OF HEARING

MR. NUTTER: The next case on the Docket will be Case No. 1240.

MR. COOLEY: Case 1240. Application of Leslie Frank Hale, dba Hale Production Company, for approval of an unorthodox oil well location in Section 22, Township 21 South, Range 34 East, Lea County, New Mexico, in exception to Rule 104 of the Commission Rules and Regulations.

LESLIE FRANK HALE

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

follows:

DIRECT EXAMINATION

BY MR. TEUTSCH:

Q Will you state your name please?

A Leslie Frank Hale.

Q Do you do business as an individual under the name of Hale Producing Company?

A Yes, sir.

Q And you are the applicant in this matter?

A Yes, sir, I am.

Q Mr. Hale, you state in your application that you are the owner of New Mexico State Oil and Gas Lease Number E-1255, is that correct?

A That's correct.

Q Now, the well owned by you that we are concerned with here, in what legal sub-division is that well located?

A Northwest of the Southwest Quarter in Section 22.

Q Township 21 South, Range 34 East?

A 34 East.

Q Now, as part of your application you have attached a plat showing the location of this well. Is that plat correctly plotted, the exact location of the well at the present?

A The well that we are drilling now is at that exact location.

Q Will you tell the Examiner the circumstances under which you drilled this well in this particular location?

A I was given this lease Friday night. It was to expire Sunday at midnight and I arrived in Hobbs late Saturday and was

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unable to get out to the location on Sunday. I wasn't able to get a surveyor out there until the following Monday, so my drilling superintendent and I stepped it off ourselves, and apparently we stepped a little too far North.

Q Now, you have a rig on this location?

A Yes, it is drilling at 185 now.

Q Would your lease permit you to move this well at this time?

A No, if I moved the Land Department told me I would lose the lease. If I would move and plug it move to an orthodox location I would lose this lease because I started drilling before the lease expired, so consequently, I have to continue on the present location.

Q Do you know who owns the lease on the land to the immediate North of this location?

A What's his name, it is here in Santa Fe.

MR. TEUTSCH: It is all right if I tell him?

MR. NUTTER: Yes, sir.

MR. TEUTSCH: Catron. A Yes, Catron.

MR. TEUTSCH: I think that's all the questions I have.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Hale, is Mr. Catron's lease directly off-setting your lease to the North?

A Yes, sir.

Q Is that a state lease also?

A Yes, sir.

Q You stated that you were unable -- Now, your dead-line for commencing drilling operations was Sunday Night?

A Yes, sir.

Q And you were unable to get a surveyor out on the location Sunday?

A Yes, sir. I called two surveyors; called John West, and he told me he would be down Monday to survey it.

Q But you did get a surveyor as soon as possible?

A Yes, sir.

Q Which was the following day?

A It was actually Tuesday before he was out on the lease surveying, and he surveyed all the locations on the 320-acre tract.

MR. NUTTER: Does anyone else have any questions of the witness?

MR. UTZ: I have some.

BY MR. UTZ:

Q You say you spudded this well?

A Yes, sir.

Q Did I understand you to say it was drilled 185 feet?

A Yes, sir.

Q What was your spud date on the well, do you know?

A We started that well the 10th of March.

Q And do you know the full name of the Catron that owns

the South Half of the Northwest Quarter?

A No, sir, my attorney does.

MR. TEUTSCH: I can testify in that respect if you want me to. It is in the name of C. C. Catron. C. C. Catron, however, has now deceased and the lands are held, at the present time, legally by F. A. Catron and Jack Catron as trustees, apparently under the will of C. C. Catron.

MR. UTZ: Have they been notified of this?

MR. TEUTSCH: I have discussed the matter thoroughly with them.

MR. UTZ: They are fully aware of it?

MR. TEUTSCH: Yes, sir. Mr. Catron and I went over the maps of his location and the location of this well, and he was thoroughly advised of the situation, and had no objection to the granting of this application, I might say.

MR. UTZ: That's all I have.

BY MR. NUTTER:

Q Mr. Hale, did you have a drilling permit approved by the Oil Conservation Commission prior to commencing operations?

A No, sir, not prior. I had to file it Monday. It was Monday when I filled it out and sent it in, because I didn't actually know that I could even hold the lease because it was in such a short time, when it was given to me until it was to expire. I just went down there and did the best I could in the short time I had, because Murray Morgan was advised of my intentions to begin drilling on this lease, and he advised me to file the application

as soon as possible, after I started it.

Q And when did you file the C-101 with the Oil Commission?

A I filed it, I believe it was on a Tuesday or Wednesday, I had to hire a secretary in Hobbs and she filled it out.

Q What date -- would that have been Tuesday or Wednesday?

A 12th or 13th.

Q You commenced drilling on the 10th?

A Yes, sir.

MR. NUTTER: Anyone else have any questions of the witness?  
Mr. Cooley.

BY MR. COOLEY:

Q Mr. Hale, you are presently holding this State lease under the provision of that lease permitting you to pay the rental and drilling at the time of the expiration, and continue to drill until the completion of the well under which you are presently working?

A Yes, sir.

Q What is the provision in that lease with regard to delay?

A Well, I have had twenty days' shut-down on the thing. I checked the location, and obtained it for this Hearing and that is all I believe that I am allowed.

Q That is, if you have a cessation of drilling operations for twenty days or more, you lose your lease?

A If it is for more than 20 days I will lose my lease.

Q It would be impossible to plug this well and move to an unorthodox location?

A That's right.

MR. COOLEY: That's all.

MR. NUTTER: Does anyone else have any further questions of the witness? If not, the witness may be excused. Does anyone else have anything further they wish to offer in Case 1240?

MR. TEUTSCH: There is a small matter. I want to make a part of this record, Paragraph 16 of the Standard Lease for the State of New Mexico under which this oil and gas lease is in effect, for the purpose of advising the Examiner and the Commission of, further of the circumstances under which this unorthodox location was commenced, and that it is impossible to stop without losing the lease.

MR. NUTTER: Thank you. Does anyone else have anything further? If not, we will take Case 1240 under advisement.

MR. COOLEY: I wonder if it wouldn't be proper to make your State Lease form an exhibit in this case. Is that Paragraph 16?

MR. TEUTSCH: Paragraph 16, and I want to make it a part of the record. I didn't know whether the Commission was aware of that or not, but I will be happy to offer mine.

MR. NUTTER: We will take the lease then.

MR. TEUTSCH: Paragraph 16. This is a lease in blank form.

MR. NUTTER: Yes, sir.

MR. COOLEY: You do assert that the acreage being held under this lease form is identical to the one in Exhibit one.

MR. TEUTSCH: Lease E-1255 under which this well was drilled is under the same form as this lease, and we are operating at the present time under the provision of Paragraph 16 thereof.



MR. NUTTER: Is there any objection to the introduction of Hale's Exhibit Number One in Case 1240? If not, the Exhibit will be so received. If there is no further statements in Case 1240, we will take that case under advisement and proceed next to Case No. 1247.

C E R T I F I C A T E

STATE OF NEW MEXICO )  
                               : ss  
 COUNTY OF BERNALILLO )

I, J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in Stenotype at the time and place hereinbefore set forth; that same was thereafter transcribed into typewritten transcript by me; and that same is a true and correct record to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal this, the 8th day of May, 1957, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*J. A. Trujillo*  
 NOTARY PUBLIC

My Commission Expires:

October 5, 1960.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1240 heard by me on April 23, 1957.  
*[Signature]* Examiner  
 New Mexico Oil Conservation Commission