

EXAMINER HEARING  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
May 6, 1958

IN THE MATTER OF: Case No. 1428

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
3-6691 5-9546

EXAMINER HEARING  
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IN THE MATTER OF: )

Application of E. G. Rodman for the approval of )  
a communitization agreement and for a forced )  
pooling order. Applicant, in the above-styled )  
cause, seeks an order approving a communitiza- )  
tion agreement embracing the NW/4 and the W/2 )  
NE/4 of Section 20, Township 21 South, Range )  
37 East, Lea County, New Mexico, as to dry gas )  
and associated liquid hydrocarbons produced from )  
said tract from the Eumont Gas Pool; and further, )  
for an order force pooling the interests of all )  
persons in the above-described tract who have )  
not voluntarily subscribed to above-referenced )  
communitization agreement. )

Case 1428

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BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: The next case is Case 1428.

MR. PAYNE: Case 1428: Application of E. G. Rodman for  
the approval of a communitization agreement and for a forced pool-  
ing order.

MR. CHRISTY: Sim Christy, for Hervey, Dow and Hinkle, for  
the Applicant, E. G. Rodman. We have one witness.

(Witness sworn.)

MR. CHRISTY: About April 7th we mailed copies of the  
application to all offset owners and the royalty owners whose  
interest we seek to force pool. There are the registered return

receipts.

LAMAR LUNT

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

DIRECT EXAMINATION

By MR. CHRISTY:

Q State your name and occupation.

A Lamar Lunt, employed by E. G. Rodman as a petroleum engineer.

Q Have you previously testified before this regulatory body as a petroleum engineer?

A Yes, sir.

Q Are you familiar with the lands involved in the application in Case 1428?

A Yes, sir, I am.

MR. CHRISTY: Is he qualified as an engineer?

MR. NUTTER: Yes, sir.

Q Tell us what the application seeks, Mr. Lunt?

A Well, the application seeks first to communitize the lands under the Northwest Quarter and the West Half of the Northeast Quarter of Section 20, Township 21 South, Range 37 East, and to force pool the interest, the royalty interest of Peerless Oil & Gas Company. Peerless owns 1/8th royalty interest under all the lands except the Northwest Northwest of Section 20.

Q I believe the communitization is for the production of dry gas and associated liquid hydrocarbons which may be produced from

the Eumont Field in the Queen zone?

A That is correct.

Q Where is the subject well from which you are going to produce the dry gas?

A The subject well is the Rodman "D", and located 1650 feet East of the West line of Section 20, Township 21 South, Range 37 East.

Q What is your production horizon on the Queen gas?

A It's the Queen sand.

Q What is your producing zone there?

A The well is perforated from 3570 to 3590. The well was dually completed, however.

MR. CHRISTY: I might state to the Commission that its Dual Completion Order 481 of July 25, 1957, allowed the dual completion of this well for gas from the Queen and oil from the Skelly Penrose --

A (Interrupting) Well, it's the Grayburg.

MR. CHRISTY: Grayburg. Further, the non-standard proration Order No. 283 of August 14, 1957, established the subject land for a non-standard gas proration unit.

Q (By Mr. Christy) Mr. Lunt, from your knowledge of the subject area, can you state whether or not it appears that dry gas and associated liquid hydrocarbon reserves under the subject land in the Queen zone are uniform and of equal recoverability?

A I believe they are.

Q Are you familiar with the communitization agreement in question?

A Yes, I am.

Q Is it of a standard type for this purpose?

A Standard type agreement, yes, sir.

Q Under the terms of the communitization agreement, will Peerless pay any of the cost or expenses incident to the drilling, completion, or operation of the subject well?

A No, sir, they will not.

Q They are, being a royalty interest, they pay none?

A That's right.

Q In your opinion, is it necessary to force pool Peerless' interest in order to allow the various owners of minerals under the subject land to recover their just and fair share of the production without committing waste?

A I believe it is.

MR. CHRISTY: We have no further questions.

MR. NUTTER: Does anyone have any questions of Mr. Lunt?

CROSS EXAMINATION

By MR. NUTTER:

Q Would you give me the DC number again?

A 481.

Q This was to dually complete the well in the Eumont Gas Pool --

A (Interrupting) And the Penrose Skelly Oil Pool.

Q The NSP number which authorized the acreage as a non-standard

unit was what?

A 283.

Q Just what part of the interest in the subject 120 acres --

A (Interrupting) 240.

Q -- or in the 240 acres has been communitized?

A It has all been communitized except this royalty interest of Peerless, and they have a 1/8th interest under all the lands except for the Northwest Northwest Quarter of Section 20.

Q Peerless has 1/8th royalty interest in the E. G. Rodman W. E. Lee Lease which comprises the Northwest Quarter of the Northeast Quarter of Section 20, and the Northeast Quarter of the Northwest Quarter?

A I believe it's the West Half of the Northeast Quarter of Section 20, and it would be the East Half of the Northwest and the Southwest of the Northwest.

Q Wait a minute, you lost me.

MR. CHRISTY: It's all of the land except the Northwest.

A Except the 40-acre corner in the Northwest.

MR. NUTTER: I want to get it straight by leases.

MR. CHRISTY: The Lee et al there is actually five, one lease covers all of this land; the Peerless lease covers all of this 200 acres. I refer the Examiner to the communitization agreement schedule in the application which may be of some help. There is a lease from Peerless which covers 200 acres in all of the lands. In the application, it mentions Lease No. 2, Peerless

Oil and Gas Company. That lease covers 1/8th of the minerals under 200 acres, being all of the subject land except the Northwest Northwest.

MR. NUTTER: Okay.

Q (By Mr. Nutter) Now the original lease was the Peerless lease, and Peerless owns 1/8th of the interest underlying the entire 200 acres.

A Yes, 200 acres of the 240.

MR. NUTTER: Which comprises all of the unit except the Northwest of the Northwest of Section 20?

MR. CHRISTY: Right, that being a Federal oil and gas lease tract.

MR. NUTTER: Now the 7/8ths interest in the E. G. Rodman W. E. Lee lease, which comprises the Northwest of the Northeast and the Northeast of the Northwest of Section 20 has been committed to this unit?

MR. CHRISTY: Yes.

MR. NUTTER: The 7/8ths interest in the J. G. Randle, the Southwest Northeast and the Southeast Quarter Northwest Quarter has been committed to this unit?

MR. CHRISTY: Yes.

MR. NUTTER: And the 7/8ths interest in the Sunray lease which comprises the Southwest Quarter Northwest Quarter has been committed to this unit?

MR. CHRISTY: That is correct.

MR. NUTTER: And the Sunray Elliott Federal lease up in the Northwest Northwest Quarter has been committed in its entirety?

MR. CHRISTY: That is correct, subject to final approval of the United States Geological Survey. They have approved the agreement as to form, and we're waiting for the executed copies to get to them. It has been approved by the United States Geological Survey, as stated in this application.

MR. NUTTER: Has the well already been completed?

MR. CHRISTY: That is correct. I believe Mr. Lunt has the completion date and data on the subject well.

MR. NUTTER: The interest for which the request has been made for forced pooling will bear no cost of the completion?

MR. CHRISTY: No, strictly royalty interest.

MR. NUTTER: Any further questions of this witness? Has an effort been made to voluntarily communitize the interest under the 240-acre tract?

MR. CHRISTY: Yes, extensive efforts have been made.

MR. NUTTER: Were there objections to the communitization?

MR. CHRISTY: No, sir, there were no objections. They would not sign for other reasons, not relevant to the land.

MR. NUTTER: Does anyone have any questions of Mr. Lunt? If not, he may be excused.

(Witness excused.)

MR. NUTTER: Does anyone have anything they would like to offer in this case?

(E. G. Rodman's Exhibits Nos. 1,  
2, & 3 marked for identification.)

MR. CHRISTY: We would like to offer in evidence Applicant's Exhibits 1, 2, and 3, being the communitization agreement, the plat map of the area, and the registered return receipts.

MR. NUTTER: This packet of registered return receipts, Mr. Christy, does it include a receipt for a notice to Peerless Oil Company?

MR. CHRISTY: Well, I do not find the registered return receipt on Peerless, but my notes show I mailed a copy to them on April 7, 1958, at the address shown in the application, which is San Antonio, Texas; but I do not find the registered return receipt. I'm sorry, but I do not find the registered return receipt. My notes reflected that I did mail such a copy.

MR. NUTTER: To what address?

MR. CHRISTY: San Antonio, Texas.

MR. NUTTER: You mailed a copy of the application to Peerless Oil and Gas Company in San Antonio, Texas, on April 7th?

MR. CHRISTY: I'm confident that is the correct address, because I had numerous correspondence in December, 1957, concerning the execution of them, and heard from them and their lawyers. It was addressed exactly the same way here, just Peerless, San Antonio, and then I started hearing from their attorneys. They are having difficulty with Mr. Rodman and Texas concerning another well, that is the reason they did not want to sign this one.

MR. NUTTER: Mr. Christy, can you furnish us with a return receipt for the application?

MR. CHRISTY: I think I can find it. I will have to look. I thought it was in that group. They were in an envelope here, I hadn't looked at them in over a month. I will have to look, certainly I think I can find it. My notes indicate it was mailed at that date.

MR. COOLEY: Do you have any other evidence that Peerless Oil and Gas Company is aware of this proceeding in its correspondence with your attorneys?

MR. CHRISTY: That was at that time when they were attempting to get them to voluntarily assign it. If you would like to take the case under advisement, I will get the correspondence for you, and either furnish you the registered return receipt or affidavit of mailing by my secretary, and I'll furnish you the correspondence between the attorneys and myself. I would have to read it to make sure whether it said we were going to force pool it.

MR. COOLEY: That will be satisfactory.

MR. NUTTER: Anything further in Case 1428? If not, we will take the case under advisement.

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MR. CHRISTIE: Mr. Examiner, E. G. Rodman in Case Number 1428 would like to move the re-opening of the case for one additional matter.

MR. NUTTER: Case 1428, will be re-opened.

MR. CHRISTIE: During the lunch period, I had conversation with the gas company's attorneys from Eskridge, Groce and Hebdon, First National Bank Building, San Antonio, Texas and they advise that they have not received a copy of the application itself. As I mentioned this morning, a copy was sent to them, but I have no registered return receipt.

I told them that with the permission of the Examiner, we would move to continue and recess the case until the next examiner hearing and we will bring back our witness and any witnesses they may have and then they will have an opportunity to take such action as they may.

MR. NUTTER: The Examiner has a hearing scheduled for May 20. Case 1428 will be continued on May 20.

MR. CHRISTIE: I will give them the notice and give them the date and this time I will bring back a registered return receipt.

MR. NUTTER: The hearing is adjourned.

C E R T I F I C A T E

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 Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 12<sup>th</sup> day of May, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Ada Dearnley*  
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NOTARY PUBLIC

My commission expires:  
June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1428. heard by me on 5-6, 1958.  
*[Signature]*, Examiner  
New Mexico Oil Conservation Commission