

BIGBEE & STEPHENSON

ATTORNEYS AT LAW
BOKUM BUILDING
P. O. BOX 669
SANTA FE, NEW MEXICO

ASSOCIATE IN ALBUQUERQUE, NEW MEXICO
QUINCY D. ADAMS

TELEPHONE 2-1847
HARRY L. BIGBEE
DONNAN STEPHENSON
HARL D. BYRD
SANTIAGO E. CAMPOS
MATIAS A. ZAMORA

February 6, 1959

New Mexico Oil Conservation Commission
Capitol Building
Santa Fe, New Mexico

Re: Application of John J. Dempsey's associates for an
increased allowable on Hutchison Well No. 1, NE $\frac{1}{4}$
NE $\frac{1}{4}$, Section 1, Township 29 North, Range 13 West,
San Juan County, New Mexico

Attention: Mr. Oliver Payne, Attorney

Gentlemen:

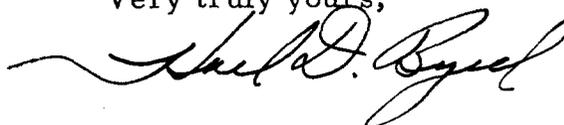
During the recent hearing concerning the above-captioned matter we were requested to submit a plat showing owners of offset wells, if any, which were located in the Fulcher-Kutz Pool, and in the area immediately surrounding the above-described real property upon which has been drilled Hutchison Well No. 1.

We have discussed this matter with representatives of your office here in Santa Fe and with Mr. Emory Arnold with your District Office in Aztec, and have been advised that there are no owners of offset wells in the immediately surrounding area. Accordingly, we respectfully request that we be relieved of this requirement.

We further understand that since the evidence in Case No. 1461 clearly indicates that it requires approximately \$145.00 gross income to provide for operating expenses, royalty and normal workovers for wells drilled in this general area and that the figure represents an average of such costs in order to break even in connection with operations of wells in this area in order to prevent premature abandonment of such wells, which evidence was incorporated into subject hearing by reference and without objection, that no further information concerning such costs will be required by the Oil Conservation Commission in connection with our application.

We trust the foregoing sufficiently satisfies your requirements in connection with the above application.

Very truly yours,



Harl D. Byrd

BEFORE THE OIL CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO

*Feb 4
Exam
Hearing*

IN THE MATTER OF: John J. Dempsey Associates, for an Order permitting Applicants to produce a certain gas well in the Pictured Cliffs formation of San Juan County, New Mexico, at a rate sufficient to prevent premature abandonment thereof.

COME NOW Applicants and state:

1. That Applicants are the owners and operators of the following described gas wells located in the Pictured Cliffs formation within San Juan County, New Mexico, to-wit:

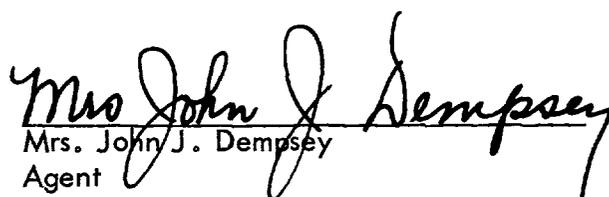
<u>Owner & Operator</u>	<u>Well Name & Location</u>	<u>Pool</u>
John J. Dempsey Associates	Hutchison No. 1 - NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 1, Twp. 29 N., Rge. 13 W., San Juan County Well is 660 feet south of the North line and 635 feet west of the East line of Section 1.	Fulcher-Kutz ✓

2. That the subject well was drilled prior to Order No. 748, promulgated on the 22nd day of June, 1948, which Order established drilling and spacing units of 160 acres; that subsequent to the promulgation of said Order at the time stated and on the 23rd day of December, 1954, the Oil Conservation Commission promulgated Order No. R-565, which established field rules for all of the pool in which the above described well is located, and such order provided a formula which gave 25% weight to an acreage factor arrived at by dividing 160 into the number of acres dedicated to each well; and that such order disregarded the fact that the above described well had been drilled prior to the promulgation of the original 160-acre spacing order and at a time when it was legal for such wells to be drilled upon 40-acre tracts.

3. That these applicants and all individuals or corporations similarly situated are entitled to an order creating an exception to that portion of Order No. R-565, which places upon them an acreage attribution factor of less than one, and to provide an allowable to prevent premature abandonment of subject well.

*122-59-
Docket mailed
B P*

WHEREFORE, Applicants pray that this application be set down for hearing; that due notice thereof be given in accord with the laws of the State of New Mexico and the Rules and Regulations of the Commission, and that upon this hearing, from the evidence adduced, Applicants be granted an exception to the acreage attribution portion of Order No. R-565, and be granted an acreage attribution factor of one on each of said wells.


Mrs. John J. Dempsey
Agent

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

February 13, 1959

BEST AVAILABLE COPY

BEST AVAILABLE COPY

Mr. Carl Byrd
Bigbee & Stephenson
Bokum Building
Santa Fe, New Mexico

Dear Mr. Byrd:

On behalf of your client, John J. Dempsey Associates, we enclose two copies of Order R-1336 issued February 12, 1959, by the Oil Conservation Commission in Case 1595, which was heard on February 4th at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

*Order sent to
Geo. Ventry
2-13-59
BP*

*Duplicated order
sent to Alex Clarke, Jr.
Pan American, Ft. Worth
2-23-59
BP*

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