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C A R L W. S M I T H, a witness, called by the Applicant, having been first duly sworn, was examined and testified as follows:

## DIRECT EXAMINATION

BY MR. VERITY:

Q State your name, please?

A Carl W. Smith.

Q Mr. Smith, for whom are you employed?

A Southwest Production.

Q What is your position with them?

A Production superintendent.

Q Mr. Smith, how long have you been employed in the oil patch?

A Since 1927.

Q For how long have you been completing oil wells?

A Since 1934.

Q Did you have occasion to supervise the drilling and completion of Southwest Production Company's Rummel Federal Number 1 Well?

A Yes, sir, I did.

Q Where is that well located exactly, with reference to the North and West line of Section 36, Township 27 North, Range 12 West?

A That well is located 790 feet from the North line, 1190 feet from the West line of Section 36-27-12.

Q Does that locate this well only 130 feet from the East



line of the 40-acres within which it is located?

A That is correct.

Q What were you intending to drill this well to and complete it in, at the time it was staked?

A We intended to drill and complete this well in the Dakota zone.

Q And what total depth did you drill the well to?

A The well was drilled to a total depth of 6258.

Q Did you get production in the Dakota?

A Yes; not sufficient production to be commercial, however.

Q So that you couldn't complete it as either an oil or gas well in the Dakota?

A That is correct.

Q Do you have productive oil above the Dakota in this zone?

A Yes, sir.

Q Where did you encounter this?

A That was in the Gallup zone.

Q Did you test the Gallup zone?

A Yes, we did.

Q And did you then determine that you could complete in the Gallup zone and make it a commercial well?

A Yes, sir.

Q How did you go about that, have you completed this well for Gallup production?

A Yes, we have.



Q Tell the Commission, if you will please, what you did in this connection.

A You want the Gallup?

Q Did you set a Packer in this well to seal off any lower zones below the Gallup?

A Yes.

Q What kind of Packer did you set?

A Halliburton Drilling Company magnesium retainer.

Q What depth was this Packer set?

A The Packer was set at 5988; and with the subsequent perforations from 6080 to 3041 hundred -- I beg your pardon, 5770; we set the Packer at 5770 instead of the figure I gave awhile ago.

Q Then did you perforate above that Packer setting?

A That is correct.

Q At what depth did you perforate?

A From 5116 to 5340.

Q Did you perforate at intervals on down to 5340?

A Correct.

Q Now then, at the present time, will this well make oil?

A Yes, sir, it will.

Q In commercial quantities?

A Yes.

Q Does your company desire to produce it from the Gallup zone?

A They do.

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Q Do you think it would be wasteful to require you to re-drill this well in the center of the 40?

A Well, I think it would.

Q It would hardly justify a brand new well at that point?

A That is correct.

Q Mr. Smith, do you know who owns the acreage to the East of this well, that is, in the NE/4 of the NW/4 of Section 36?

A Southwest Production.

Q Is the royalty interest and overriding royalty the same as it is in the 40-acres upon which the well is located?

A It is.

MR. VERITY: I believe that is all.

MR. NUTTER: Any questions of the witness, Mr. Smith?

CROSS-EXAMINATION

BY MR. PAYNE:

Q Mr. Smith, do I understand you correctly that the only acreage you are including is your own?

A That is correct.

MR. NUTTER: And the royalty is identical?

A That is correct.

Q (By Mr. Payne) You perforated from 5116 to 5340?

A That is correct.

Q A magnesium plug was set at 5770?

A All that were tested were squeezed out of the Dakota zone.

Q Is there any cement above that?



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A No, sir, there is not.

Q You have the Dakota, all the Dakota perforations that you tested have been squeezed off?

A That is correct.

Q Is this well in a designated pool?

A No, it is not.

MR. VERITY: This is about a mile North of the Gallegos Oil Pool, according to your local office over there. Currently, this well is making about 15 barrels a day; it actually would not be feasible to drill to the center of the tract.

MR. NUTTER: It is a top allowable well?

A It is not.

MR. NUTTER: Any further questions of Mr. Smith?

(No response.)

MR. NUTTER: You may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Verity?

MR. VERITY: I have nothing further.

MR. NUTTER: Does anyone have anything further?

(No response.)

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





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