

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

July 26, 1962

EXAMINER HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

IN THE MATTER OF:

Application of Southwest Production Com-
pany for compulsory pooling, San Juan
County, New Mexico. Applicant, in the
above-styled cause, seeks an order force-
pooling all mineral interests in a gas
proration unit comprising the W/2 of
Section 9, Township 30 North, Range 11
West, Basin-Dakota Gas Pool, San Juan
County, New Mexico..

CASE NO.
2611

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

EXAMINER UTZ: Case No. 2611

MR. DURRETT: Application of Southwest Production Com-
pany for compulsory pooling, San Juan County, New Mexico.

MR. VERITY: George L. Verity appearing for the Appli-
cant.

MR. DURRETT: Let the record show that Mr. Jones has
previously been sworn.

JACK D. JONES,

called as a witness, having been previously duly sworn on oath, was



examined and testified as follows:

DIRECT EXAMINATION

BY MR. VERITY:

Q Mr. Jones, you are the same Jack Jones who testified in the three previous cases?

A Yes, sir.

Q Are you familiar in detail with the land situation in the West half of Section 9, Township 30 North, Range 11 West?

A Yes, sir.

Q Has Southwest Production Company drilled and completed a well in the Dakota formation?

A Yes, sir.

Q Located in that unit?

A Yes, sir, we have.

Q Will you tell us where it is and when it was started and completed, please?

A The well is the Sam Cooley No. 1 well located 1310 feet from the West line and 1865 feet from the South line of Section 9, Township 30 North, Range 11 West. It was spudded on December 19, 1961, completed on February 2, 1962 with an IP of 2572 MCF, made its first delivery on June 4th, 1962.

Q Is this 320 acre unit, proration unit located partially within the town of Aztec?

A Yes, it is.

Q Have you made an effort to form a 100 percent unit in

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this 320 acres?

A Yes, sir, we have.

Q Have you been successful in obtaining the joinder of all parties owning interest therein, either by lease or agreement in drilling and developing a well?

A No, sir, we have not.

Q If you will, please, describe the situation with regard to the unleased or unjoined acreage in the unit, and tell us briefly what efforts you have made to contact each of these people.

A Well, these parties have again been contacted either personally or by mail. There are approximately three and a half acres that are unleased in this area.

Q And in these numerous instances, they have either refused to answer or refused to join?

A That's right.

Q Do you have the same opinion with regard to risk involved and having drilled the well that Southwest has drilled and completed, as stated in the three previous cases?

A Yes, sir.

Q Do you have the same opinion with regard to what would be a proper allowance for operating expenses monthly for operating the well?

A Yes, sir.

Q Do you have an opinion as to whether or not the granting

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of this application will prevent waste and protect correlative rights of all parties owning interest in the area?

A Yes, sir, it definitely will.

Q Is there anything particular with regard to description surveys and calls of part of the land in this 320 acres?

A The main problem in this area is the problem of description of the land. The descriptions are varied and you'll see in the map all these various lines. Those represent the lands either as leased or as conveyed by the various owners in the area, and you'll notice there is considerable overlapping and as to the lands involved, the descriptions of the lands. As a result, we are having great trouble in determining not only the description of the land but the acreages involved for purposes of computing royalties. Also, I might say we are having difficulty in determining ownerships of the various gaps that appear in the area.

MR. VERITY: Will you mark this?

(Whereupon Applicant's Exhibits 1 and 2 marked for identification)

MR. VERITY: We offer Exhibits 1 and 2. That's all we have.

EXAMINER UTZ: Wouthout objection, Exhibits 1 and 2 will be entered into the record of this case.

(Whereupon Applicant's Exhibits 1 and 2 entered into evidence.)

CROSS EXAMINATION



BY EXAMINER UTZ:

Q How much acreage does Southwest own in this 320?

A We would own all but about three and a half acres, so that would be approximately $316\frac{1}{2}$.

Q The tract is an even 320?

A Yes, sir.

Q Are all the other tracts even 320s also?

A Yes.

Q Your Exhibit No. 1 gives the location, doesn't it?

A Yes, sir, it did. The location of the well is in the middle of all these lines. We have already received a letter from one man, wanted to know why in the blankety-blank we drilled on his land without even bothering to get a lease from him. I pointed out that we did have the land under lease and that the records indicated he had purchased only the surface and not the minerals, in any event, and he had purchased the lands subject to our right to drill the well, and I have not since heard from him. At the time he was threatening to sue and everything else, but he has never answered the letter, but I think that indicates the nature of the problem we are faced with in that area. The people themselves are not sure what they own. It is, of course, further complicated by the fact, which I don't show here, that the new Highway No. 550 runs through this area.

EXAMINER UTZ: Any other questions of the witness?

MR. DURRETT: Yes, sir.

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CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Jones, I believe you stated in the direct examination that you had contacted some of these parties by mail and some of them in person?

A Yes, sir.

Q Did you attempt to contact them in person prior to your attempt to contact them by mail?

A If I could, yes.

Q And in any that you could not contact in person, you attempted --

A I looked.

Q -- attempted to mail?

A Yes, right.

Q Now, did you send those letters certified mail?

A No, sir.

Q You did not?

A Registered mail, and only one of them came back, and that was in the East half of Section 8, and that was Captain Creighton C. Clark who has an Army APO, and the letter was returned by the Army stating that his whereabouts were unknown. I don't know whether that means he's gone over the hill or what, but the Army disclaims any notice of the whereabouts of the captain.

Q And that's the only one you did receive back from the Post Office Department?

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A In this area, yes.

MR. DURRETT: I believe that's all I have.

EXAMINER UTZ: Any other questions?

MR. VERITY: We have nothing further.

EXAMINER UTZ: The witness may be excused.

(Witness excused.)

EXAMINER UTZ: The case will be taken under advisement.

The Hearing is adjourned.

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