

1  
2 A This is a schematic plat of the north  
3 half of Section 9, Township 30 North, Range 11 West, that  
4 shows the tracts covered by C and E leases and by Beta Development  
5 Company leases, with the exception of the area down  
6 there in the old town site that we covered in the Exhibit One.

7 Q All right, sir. Now let me direct your  
8 attention to Exhibit Number Three and have you identify that  
9 for us.

10 A These are the names and addresses of the  
11 parties who own interests in the north half of Section 9, to  
12 whom pooling notices have been sent.

13 Q And how was that information tabulated,  
14 Mr. Carr?

15 A You mean the --

16 Q What's the source of the information?

17 A -- acreage information?

18 Q No, sir, what's the source of the names?

19 A Is the computer printout of the -- furnished  
20 by the tax assessor's office, of the people's current  
21 addresses as far as receiving tax notices.

22 Q All right, sir, and the last page of  
23 that exhibit contains a tabulation?

24 A Yes, it shows the acreage involved in  
25 the various leased and unleased tracts and their percentage

1 in the unit.

2  
3 Q All right. Let me refer you to Exhibit  
4 Number Four and have you identify that exhibit.

5 A Exhibit Number Four is an AFE for the  
6 drilling of one of the wells which we have staked on this  
7 unit, which we designate as the Fee No. 9-A, and it covers  
8 the drilling and completion of a dual Mesaverde-Pictured  
9 Cliff well.

10 Q The well to be drilled on the north half  
11 of Section 9 is to be a dual Pictured Cliff-Mesaverde well?

12 A Yes, sir.

13 Q Your application seeks only a compulsory  
14 pooling order on the Mesaverde formation. That's true, is it  
15 not?

16 A That's true. The Pictured Cliff forma-  
17 tion is already the subject of prior pooling and is held by  
18 current Pictured Cliff production.

19 Q What is the total cost estimated for the  
20 dually completed well?

21 A \$399,037.

22 Q All right. Now, subsequent in your  
23 testimony we have another exhibit that discusses how you pro-  
24 pose to allocate the costs of the dually completed well to  
25 the nonconsenting owners of the Mesaverde rights.

Q Let's defer that for the moment and we'll come back to it.

A Okay.

Q All right, Mr. Carr, let me direct your attention to the ownership with regards to Case 7106, which is the south half of Section 8.

MR. STAMETS: Before you go into that, do we have any copies of the letters or notices or the correspondence with --

MR. KELLAHIN: Yes, sir.

MR. STAMETS: -- all of the people --

MR. KELLAHIN: I'd proposed to introduce that after we'd gone through the ownership of the --

MR. STAMETS: Okay, fine. Thank you.

MR. KELLAHIN: -- tracts.

MR. STAMETS: Thank you.

Q All right, Mr. Carr, would you identify Exhibit Number Five for us?

A This exhibit is a plat of the south half of Section 8, Township 30 North, Range 11 West, in San Juan County, New Mexico.

Q Would you identify for us on Exhibit Number Five the tracts that are required to be force pooled by this application?

1  
2 A Well, all of the southeast quarter of  
3 the section, which is the east half of the area depicted.

4 Q What about the southwest quarter of the  
5 section?

6 A They're all covered by current leases  
7 by C and E Operators.

8 Q Do you have any leases at all in the  
9 southeast quarter?

10 A No, sir.

11 Q So it will be the entire southeast quart-  
12 er that you're pooling?

13 A Yes, sir.

14 Q All right. Have you made a tabulation  
15 of the owners of the various tracts in the southeast quarter?

16 A Yes, we have.

17 Q I show you Exhibit Number Six. Would  
18 you identify Exhibit Number Six for us?

19 A Exhibit Number Six is a list of the  
20 names and addresses of people to whom the forced pooling  
21 notices were sent. The first 16 of those people subsequent  
22 to our notifying them, we discovered that the Mesaverde rights  
23 under the tracts which they held were held by Beta Development  
24 Company, and actually Beta Development Company and the City  
25 of Astec hold only -- hold all the acreage in that southeast

1  
2 quarter.

3 Q Now the Beta leases that are involved in  
4 this acreage have been farmed out or assigned to you, have  
5 they not?

6 A The Beta leases?

7 Q Yes, sir.

8 A No. These are leases that, well, Beta  
9 has held for a long time, in this -- this southeast quarter  
10 of this section.

11 Q In addition to those individuals, then,  
12 you are also pooling Beta Development Company.

13 A Yes, sir.

14 Q All right. How was the list tabulated,  
15 Mr. Carr, from what information did you obtain this?

16 A From, again, from the tax records and  
17 from Beta's forced pooling order for their Dakota Unit.

18 Q Based upon your knowledge, Mr. Carr, is  
19 this a true and accurate compilation of the ownership of the  
20 southeast quarter of this unit?

21 A Yes, sir, it is.

22 Q All right. Let me show you Exhibit  
23 Number Seven and ask you to identify that.

24 A Exhibit Number Seven is a 2-part exhibit.  
25 It is an AFE for a single well Mesaverde completion and it