

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6 20 June 1984

7 EXAMINER HEARING

8 IN THE MATTER OF

9 Application of Amerind Oil Co. for
10 compulsory pooling, Lea County,
11 New Mexico.

CASE
8231 & 8232

12 BEFORE: Michael E. Stogner, Examiner

13
14 TRANSCRIPT OF HEARING

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17 A P P E A R A N C E S

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19 For the Oil Conservation
20 Division:

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I N D E X

BILL SELTZER

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3 MR. STOGNER: We will call next
4 Case 8231.

5 MR. PEARCE: That case is on
6 the application of Amerind Oil Company for compulsory
7 pooling, Lea County, New Mexico.

8 MR. BRUCE: Mr. Examiner, my
9 name is Jim Bruce from the Hinkle Law Firm in Santa Fe,
10 representing Amerind Oil Company.

11 I have one witness to be sworn,
12 and I would also ask that Case 8232 be heard at the same
13 time because the same land ownership matters are involved.

14 MR. STOGNER: At this time we
15 will now call Case Number 8232.

16 MR. PEARCE: This case is also
17 on the application of Amerind Oil Company for compulsory
18 pooling, Lea County, New Mexico.

19 MR. STOGNER: Cases 8231 and
20 8232 will be consolidated this morning for purposes of
21 testimony and hearing.

22 MR. PEARCE: Are there other
23 appearances in either of these matters?

24 Would you rise, please, sir?

25 (Witness sworn.)

BILL SELTZER,

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. BRUCE:

Q Would you please state your name, city of residence, occupation and relationship to the applicant?

A My name is Bill Seltzer. I live in Midland, Texas. I'm an independent landman and I am a land consultant for Amerind Oil Company.

Q And have you previously testified before the New Mexico OCD and had your qualifications as a landman made a matter of record?

A Yes, I have.

Q And are you familiar with Amerind's applications in connection with these two cases and with the land ownership matters relating to the areas embraced within the applications?

A Yes.

MR. BRUCE: Mr. Examiner, is the witness considered qualified?

MR. STOGNER: Mr. Seltzer, how do you spell your last name?

A S-E-L-T-Z-E-R.

Q Mr. Seltzer, will you please state for the record what Amerind seeks in these two cases?

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2 A Amerind seeks an order pooling all the
3 mineral interest in the Pennsylvanian formation underlying
4 the south half of the southwest quarter, Section 21, Town-
5 ship 16 South, Range 37 East, as to Case 8231; and under-
6 lying the north half of the southwest quarter of Section 21,
7 Township 16 South, Range 37 East, as to Case 8232.

8 In each instance Amerind proposes a well
9 to be drilled at a standard location within each 80-acre
10 tract.

11 Amerind also seeks in each case consider-
12 ation of the cost of drilling and completing each well, al-
13 location of costs of each well, and also actual operating
14 costs and charges for supervision.

15 Amerind seeks to be designated as opera-
16 tor and to be allocated a charge for the risk involved in
17 drilling each well.

18 Q Thank you. Please refer to Exhibit Num-
19 ber One and explain this exhibit for the examiner.

20 A Exhibit Number One is a four section plat
21 showing Sections 20, 21, 28 and 29 of Township 16 South,
22 Range 37 East. which designates lessees, wells drilled, and
23 the two proposed units in Section 21, being the north half
24 of the southwest quarter and the south half of the southwest
25 quarter of Section 21.

26 Q In your position as land consultant for
27 Amerind are you advised as to Amerind's plans for the drill-
28 ing of wells in the areas embraced in the applications?

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A Yes.

Q And with reference to Exhibit Number One, would you please describe for the Examiner what Amerind proposes in connection with development of the acreage?

A Amerind has drilled the No. 1 Higgins Well in the north half of the southwest quarter of Section 1 to a total -- to an approximate total depth of 11,600 feet.

Exhibit One-A there, which is a completion report, shows that the completion of this well has been filed with the OCD.

Amerind also proposes to drill their No. 2 Higgins Well to be to the same depth in the south half of the southwest quarter.

Both wells are in the Northeast Lovington Pool, which requires 80-acre spacing.

Q Would you please now refer to Exhibit Number Two and describe what acreage control Amerind has in the two areas in question?

A Amerind, Felmont, and Pennzoil have joined in both of these wells by way of a lease or farmout or joined in the drilling of the wells.

There are three parties, a Mr. Baumgartner, Davies, and Belieu have not joined in these wells and therefore Amerind needs to force pool these three interests.

Q On a party by party basis would you describe your efforts to obtain the commitment of the unpooled parties that you have just mentioned?

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2 A A one A. L. Baumgartner, also known as
3 Lon Baumgartner, and his wife, both lived in Yellowstone
4 County, Montana.

5 Martha died at the age of 96, left a well
6 probated in Yellowstone County in which her executor was re-
7 quired to sell all of her properties and distribute the cash
8 to approximately 25 relatives.

9 Some how one acre in New Mexico was over-
10 looked and unknown to the executor and the probate has been
11 closed in Yellowstone County and the devisees and heirs are
12 unknown at this time and cannot be found.

13 Thomas T. Davies is deceased party in
14 Cascade County, Montana. He left a widow, Sarah E. Davies,
15 who lived at one time on 2nd Avenue North in Great Falls,
16 Montana.

17 This address no longer exists. The
18 Davies apparently owned a motel and have since torn -- the
19 building has been torn down.

20 There's no death records in the State of
21 Montana for either party.

22 The attorney who handled the probate of
23 Thomas is also deceased and the half acre was acquired in
24 1931 and we cannot locate any relatives.

25 V. R. Belieu, B-E-L-I-E-U, acquired a one
acre interest in the early 1930s.

 V. R. Belieu made an oil and gas lease in
1948 but no address was revealed in the lease records or on

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the lease; however the acknowledgement was from Merced County, California.

I've checked the probates of Merced County. No probate is on file. No death certificate has been filed in California. No drivers license are left on file in California, and I am unable to locate any party or any trace of V. R. Belieu.

Q Thank you. Would you now please refer to what we have marked as Exhibits Three and Four and briefly explain these to the examiner?

A Exhibit Number Three is an AFE for the drilling of the No. 1 Higgins Well, located in the north half of the southwest quarte of Section 21.

Q And Exhibit Four?

A Exhibit Four is the AFE for the drilling of the No. 2 Higgins Trust Well, located in the south half of the southwest quarter, Section 21, Township 16 South, Range 37 East.

Q And does Amerind wish to be named as operator of both of these wells?

A Yes.

Q And do you have a recommendation as to the charge for the risk involved that should be granted to Amerind for drilling each of these wells?

A Yes, I recommend the maximum allowed by New Mexico status, which I understand is 200 percent.

Q And is that amount in line with current

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2 nonconsent provisions in joint operating agreements being
3 used in this area?

4 A Yes, it's very much so.

5 Q And are the proposed expenses of the two
6 wells as reflected in Exhibits Three and Four in line with
7 the expenses which are normally expected in drilling wells
8 to this depth in this area?

9 A Yes, the proposed expenses are in line
10 with the cost of other wells drilled in this -- to this
11 depth in the general area.

12 Q And do you have a recommendation as to
13 the amount which Amerind should be paid for supervision and
14 administration expenses?

15 A Yes. It is my recommendation that \$4000
16 per month be allowed for the drilling -- for a drilling well
17 and \$400 per month be allowed for a producing well.

18 Q And are these amounts that you have just
19 recommended in line with the amounts normally charged by
20 Amerind and other operators for wells of this type in this
21 area?

22 A Yes. These fall directly in line with
23 the amounts normally called for in the joint operating
24 agreement covering wells of this type in the general area,
25 and these are the same charges used by Amerind in its well
in the south half of the northwest quarter of Section 21.

Furthermore, Pennzoil and Felmont have
agreed to these charges.

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Q And in your opinion will the granting of Amerind's applications in these two cases be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A Yes.

Q And were Exhibits One through Four prepared by you or under your supervision?

A Yes.

MR. BRUCE: At this time I move the admission of Exhibits One through four.

MR. STOGNERS: Exhibits One through Four will be admitted into evidence.

MR. BRUCE: I have no further questions of this witness.

CROSS EXAMINATION

BY MR. STOGNER:

Q Mr. Seltzer, you referred back to the well in the northwest quarter as having overhead charges of \$4000 while drilling and \$400 while producing.

A Uh-huh.

Q Was that force pooled?

A No. In the northwest quarter?

Q Yes, sir.

A No, no, it was not.

Q Mr. Seltzer, the Higgins Trust Incorporated No. 1 was spudded in April of 1984, is that right?

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A Correct.

Q And has that well been completed?

A It has been completed and the -- I believe you have that. Did we give him a copy of the potential?

MR. BRUCE: That was Exhibit One-A?

A Yeah, One-A. For approximately 438 barrels of oil.

MR. BRUCE: Mr. Examiner, I might mention that we previously force pooled this acreage but there was a different set up for the well units and we felt it necessary to come back again and to change the well configuration.

MR. STOGNER: What was that previous order?

MR. BRUCE: They were orders No. R-7484 and R-7485, and the, let me see, the first well was drilled under the authority of Order R-7485.

MR. STOGNER: What was the configuration on those?

MR. BRUCE: They were standups. Mr. Examiner, in regard to your first question with respect to the well in the northwest quarter, we do have the accounting procedure used in that well and we would submit this at this time as Exhibit Number Five for your information.

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MR. STOGNER: All right.

Has that been stamped?

MR. BRUCE: No, it hasn't

MR. STOGNER: We will at this time admit Exhibit Number Five in evidence.

I have no further questions of this witness.

Is there anybody else that has any questions of Mr. Seltzer at this time?

If not, he may be excused.

Mr. Bruce, do you have anything further in either Case 8231 or 8232?

MR. BRUCE: I have nothing further.

Is there anybody else --

MR. PEARCE: One thing further, Mr. Bruce.

Have we gotten -- is this well on production yet?

A Yes.

MR. PEARCE: Are we going to have accounting problems because of the previous pooling orders?

A No; same ownership.

MR. BRUCE: It's the same ownership as before.

A Throughout.

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2 MR. PEARCE: Okay, when this
3 exhibit says that these parties have one acre and half acre
4 interest, that --

5 A They're under the whole south half so
6 we've got a common ownership throughout.

7 MR. PEARCE: Thank you, sir.

8 MR. STOGNER: Is there anything
9 further in either of Cases 8231 or 8232 this morning?

10 If not, these two cases will be
11 taken under advisement.

12 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY
that the foregoing Transcript of Hearing before the Oil Con-
servation Division was reported by me; that the said tran-
script is a full, true, and correct record of the hearing,
prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete and true transcript of the proceedings in
the Examiner hearing of Case No. 8231+8232
heard by me on June 20 1984.
Michael P. Shyne, Examiner
Oil Conservation Division