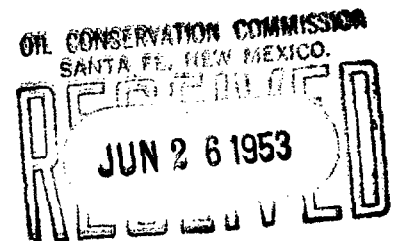


BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO



CASE 542:

In the matter of the application of W. P. Carr for approval of two unorthodox drilling units in exception to Rule 104, Paragraph 'd', of the Commission's Rules and Regulations, these being (a) a unit of less than 160 acres in NW/4, Sec. 10, Township 30 North, Range 11 West, NMPM; and (b) a unit of less than 160 acres in NE/4, Sec. 9, Township 30 North, Range 11 West, NMPM, both units being in San Juan County, New Mexico.

TRANSCRIPT OF HEARING

June 16, 1953

Date

BEFORE: Honorable Ed. L. Mechem, Governor
Honorable E. S. Walker, Land Commissioner
Honorable R. R. Spurrier, Director, OCC

STATE OF NEW MEXICO)

ss

COUNTY OF BERNALILLO)

I HEREBY CERTIFY That the within transcript of proceedings before the Oil Conservation Commission is a true record of the same to the best of my knowledge, skill, and ability.

DONE at Albuquerque, N. M., this 23d day of
June 1953.

My Comm. Ex.:
August 4, 1956

E. E. Greeson
E. E. Greeson
Notary - Reporter

COM. SPURRIER: The next case on the docket is
Case 542.

(Mr. Graham reads the advertisement.)

MR. KELLAHIN: I am Jason Kellahin, appearing for
the applicant W. P. Carr.

We have one witness we would like to have sworn.

(Witness sworn)

MR. KELLAHIN: If the Commission please, this
application is for unorthodox drilling units due to inability
of the operator to secure a lease on the entire 160 acres,
which is required under the present rules and regulations
of the Commission. We will show what effort has been made
in this regard, and what acreage is available.

W. P. CARR

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A W. P. Carr.

Q Are you the applicant in Case 542?

A Yes, sir.

Q Mr. Carr, have the efforts in attempting to secure
leases in the two quarter sections involved in this hearing
been under your personal direction and supervision?

A Yes, sir.

Q Mr. Carr, I hand you what has been marked as Exhibit 1, and ask you to state what that is.

A Well, that is a map showing the corporate limits of the town site of Aztec and the leases which we have obtained in sections 9 and 10 of township 30 North, Range 11 West, San Juan County.

Q Does that show the leases you have obtained?

A Yes, sir.

Q In the NE/4 of Sec. 9, Township 30 North, Range 11 West?

A With one small exception.

Q And how are those shown on the plant? The leases you have obtained?

A They are colored in pink.

Q And what is the area that has been colored in blue, Mr. Carr?

A That is the city limits of the town of Axtec.

Q Within the NE/4, Sec. 9-30-11, has any portion of that been subdivided into city lots or small tracts?

A Yes, sir, it looks like approximately 30 acres.

Q And what is the size of those tracts, approximately?

A Well, I don't know that they are all uniform in size. We don't have any plats of those subdivisions. But it looks like some are probably 50 -- 100 ft. lots.

Q Mr. Carr, within the NE/4 section of Sec. 9 have you made an effort to obtain other leases?

A Yes, sir, we have.

Q Will you describe to the Commission what efforts you have made, and what the results have been?

A We have made an effort to obtain every lease that is within the corporate limits of the town, with the exception of one little strip that looks like it is about 100 ft. wide that runs east and west along the north side of that town site. We have obtained 4, 5, leases in that quarter section. We thought we had one other lease. We took the description and tried to put it on the map, and were unable to do so. We are going to have to have a survey to get a corrected description of the acreage.

Q But was a lease signed on that acreage, Mr. Carr?

A Yes, sir, a lease was signed on it.

Q Approximately how many acres does that cover?

A Well, I believe -- let me see if I have it on here. Is it on here?

Q No.

A As I recall, it was about 13 acres. I don't know if it was all in that quarter or some in the other quarter section.

Q Mr. Carr, I hand you what has been marked as Exhibit 2, and ask you if that sets forth the leases you

have secured in the NE/4 of Sec. 9?

A Yes, sir.

Q Was that exhibit prepared under your supervision and direction?

A Yes, sir.

Q And does it show the total number of acres you have secured leases on?

A Yes, sir, to the best of my knowledge.

Q And what is the total number of acres, approximately?

A Well, there is about 93 acres. One tract that is included there of 13 acres apparently lies about half in the NE/4 and about one-half in the SE/4 of Sec. 9, which would be roughly 87 acres in the NE/4 of Sec. 9.

Q But in addition to that will you have a lease of approximately 13 acres more once a survey is made of the other tract you referred to?

A Yes, sir. There is also about 3 acres in that quarter section. It is a part owned by the City of Aztec. We have made application, and I understand it will be put up for bid sometime this month. And there is another three-acre tract which is owned by a minor, and I understand it takes a court order and a guardian before the minor can execute a lease on that. That is a tract of about 3 acres in there. If you want me to ramble on a little?

Q Go ahead and tell them.

A There is a tract owned by a man named Martinez that contains 23 acres. It is mortgaged to a man named Gerber. Mr. Martinez is willing to execute an oil and gas lease and let the bonus money go to Mr. Gerber to apply on that mortgage. Mr. Gerber, I have been told, would rather that Mr. Martinez default the mortgage. And he refuses to subrogate or do anything about the mortgage as to that 23 acres.

There are two other tracts, one of 5 acres that is owned by a Noland estate that is on a tract of 5 acres. I don't know that I have been told how many heirs there are, but some of them would sign a lease and some of them won't sign a lease.

There is another tract of 5 acres owned by a man named Bacon who absolutely refuses to sign a lease.

We have had a broker that has worked in this area about a year, and he has contacted all these people quite a few times, and he has been unable on those three tracts, which represent the greatest part of the acreage that we do not have under lease outside the town site limits, and he has been able to make no progress with any of them at all.

Q I hand you what has been marked Exhibit 3, and ask you what that shows, Mr. Carr? Is that a schedule of the leases you now hold in the NE/4 of Sec. 10?

A The NW/4 of Sec. 10.

Q The NW/4 of Sec. 10.

A Yes, sir.

Q And is that an accurate listing of acreage under lease in that section?

A Yes, sir, it is.

Q How many acres do you have under lease in that quarter now?

A Well, there are approximately 140 acres here. No, let's see. 107 acres.

Q Is there a railroad right-of-way through that quarter?

A Yes, sir, Denver and Rio Grande.

Q Do you have a lease on that land?

A No, sir, we don't but we have applied for a lease and have been informed we would obtain it. It should take about 30 days longer for that to go through and be approved by the railroad company.

Q Will you describe to the Commission the condition as to the other lands on which you do not hold a lease, as to the NW/4 of Section 10?

A The corporate limits of the town of Aztec in the S $\frac{1}{2}$ of the NW/4 of Sec. 10 appear to cover somewhat more than 30 acres. There is about 7 acres in the N $\frac{1}{2}$ of that quarter lying west of the Denver and Rio Grande right-of-way

that is cut up into 7 or 8 small tracts that I understand range from less than an acre to around two acres. And in the S $\frac{1}{2}$ of the quarter, and east of the Denver and Rio Grande right-of-way there is approximately 5 or 6 acres that is similarly chopped up into small tracts.

Q Now, have you made any estimate of what it would cost to check titles on the small tracts involved in these two quarter sections?

A Well, based on what it has cost per tract on the other tracts that we have procured titles on in that area, and assuming that the tracts are averaged sized for that location, which might run from 3 to 6 or 7 lots to the acre, it would probably cost a minimum of \$200, and maybe as much as 7 or 8 or 9 hundred an acre to abstract and do title work on the small tracts in the town site.

Q And would it take a long time to do that?

A Yes, sir, it would.

Q Mr. Carr, you understand if the Commission sees fit to grant your application, in the event of prorating your allowable for any wells drilled there it might be reduced?

A Yes, sir.

Q And would you be willing to have the Commission embody in its order a provision that anyone who has not leased to you can commit his acreage to any wells drilled

there on payment of your costs?

A Yes, sir, I would.

MR. KELLAHIN: I offer Exhibits 1, 2 and 3 in evidence.

COM. SPURRIER: Without objection, they will be received.

MR. KELLAHIN: That complets our presentation. Does the Commission have any questions?

COM. SPURRIER: Are there any questions of the witness? If not, the witness may be excused.

MR. KELLAHIN: If the Commission please, that complets our presentation. And as Mr. Carr as stated, we would have no objection to the Commission embodying in an order a provision along the lines of the provision covering enforced pooling, which I believe is -- which provides anyone which has not joined in my join later upon payment of costs, including costs of supervision upon a proportionate basis based upon his acreage.

Thank you.

COM. SPURRIER: We will take the case under advisement. We will take a five minute recess.

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