

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1642

TRANSCRIPT OF HEARING

APRIL 22, 1959

DEARNLEY - MEIER & ASSOCIATES  
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BEFORE THE  
OIL CONSERVATION COMMISSION  
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APRIL 22, 1959

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: IN THE MATTER OF: :  
: :  
CASE 1642 Application of Delhi-Taylor Oil Corpora- :  
tion for an amendment to Orders R-60, :  
R-1169, and R-1170. Applicant, in the :  
above-styled cause, seeks an order amend- :  
ing Orders R-60, R-1169, and R-1170 to :  
change the dedicated acreage in three non- :  
standard gas proration units in Sections :  
30 and 31, Township 29 North, Range 8 :  
West, San Juan County, New Mexico, based :  
on a resurvey; two of said units are in :  
the Aztec-Pictured Cliffs Pool and one is :  
in the Blanco Mesaverde Pool. :  
: :  
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BEFORE:

Daniel S. Nutter, Examiner

T R A N S C R I P T     O F     P R O C E E D I N G S

MR. NUTTER: We will take up next Case 1642.

MR. PAYNE: Case 1642. Application of Delhi-Taylor Oil Corporation for an amendment to Orders R-60, R-1169, and R-1170.

MR. VERITY: Mr. Nutter, by way of an opening statement in this case, I would like to state that Sections 30 and 31 of 29 North, 8 West in San Juan County were resurveyed in a recent Cadastral survey, and Section 31 was increased in acreage from 546 acres to 581.09 acres. This increase was made without any

change in the exterior land lines of proration units that are here involved. It was merely a determination of the fact that there was greater acreage in these three units, which I'll name to you later, than I thought.

MR. NUTTER: The boundaries remain the same?

MR. VERITY: The boundaries remain the same, but the realization that there is more acreage there than what was previously known has been established by the Cadastral Survey of the Federal Government. Therefore, Delhi-Taylor wants to amend Order No. R-60, which has to do with the establishment of a non-standard proration unit for its Pritchard 4 "T" proration unit. That's a Mesaverde unit, and it has been increased in acreage, and I'll give you charts and evidence to delineate all of this information. It has been increased in acreage from 340 acres to 375.09 acres. The Pictured Cliffs Pritchard 4 "C" proration unit of Delhi-Taylor, which was established in Order No. R-1169, has been increased from 169.42 acres to 203.34 acres. And Delhi-Taylor Jones 3 proration unit Pictured Cliffs, established by Order No. 1170, has been increased from 170.58 acres to 170.75 acres.

Delhi-Taylor, of course, would like these orders amended so that they can have an acreage factor comparable to the true acreage that is actually dedicated to the well.

With that, I would like to call Mr. Cleary as a witness.

(Witness sworn)

TYSON CLEARY,

called as a witness, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. VERITY:

Q Will you state your name, please, Mr. Cleary?

A Tyson Cleary.

MR. NUTTER: How do you spell your name?

A C-l-e-a-r-y.

Q What is your occupation?

A Petroleum engineer.

Q Are you a graduate engineer in petroleum engineering?

A Yes. I graduated from the University of Oklahoma in 1948.

Q And have you been practicing your profession since that time?

A Yes.

MR. VERITY: We submit, Your Honor, that the witness is qualified to testify as an expert.

(Thereupon, Delhi-Taylor's Exhibits 1 through 8 were marked for identification.)

Q Mr. Cleary, I hand you what the Reporter has marked Exhibit 1 and also Exhibit 2. Will you tell us what those are, please, referring first to the 1?

A Exhibit 1 is a copy of a letter which Delhi-Taylor re-

ceived from the Department of Interior Bureau of Land Management, indicating their decision to increase acreage in Township 29 North, Range 8 West, San Juan County, New Mexico by virtue of acceptance of this Cadastral Survey.

Q Actually, it is a decision, is it not? You received a copy of it. It is a decision of the department showing the increase of acreage to 581. acres?

A Right.

Q And Exhibit 2?

A This is a copy of the Cadastral Resurvey of Township 29 North, Range 8 West.

Q Does it also indicate the increase in acreage of Section 31?

A Yes, it does.

Q I hand you Exhibit 3, --

MR. VERITY: We offer Exhibits 1 and 2 in evidence, Your Honor.

(Thereupon, Delhi-Taylor's Exhibits 1 and 2 were offered in evidence.)

Q Will you tell us what Exhibit 3 is?

A Exhibit 3 is a plat which I prepared showing the Pritchard 4 "T" proration unit as it existed prior to the resurvey.

Q And how many acres were in the unit at that time?

A It indicated 300.0 acres.

Q And referring now to your next Exhibit, which is 4,

that is a plat indicating the acreage within the Pritchard 4 "T" proration unit after resurvey, which is 375.09 acres.

Referring now to your next Exhibit, which is 5, this plat indicates acreage of the Pritchard 4 "C" prior to resurvey, which was 169.42 acres.

And Exhibit 6?

A That is the acreage contained in Pritchard 4 "C" proration unit after resurvey, which is 203.34 acres.

Q Referring now to Exhibit 7, explain that if you will, please.

Q This outlines the Jone's No. 3 proration unit prior to resurvey, which is 170.58 acres.

Q And Exhibit 8?

A This is the Jone's 3 proration unit after resurvey, which is 170.75 acres.

MR. VERITY: We offer Exhibits 3 through 8 in evidence, Your Honor.

MR. NUTTER: Without objection, Delhi-Taylor's Exhibits 1 through 8 will be entered in evidence.

(Thereupon, Delhi-Taylor's Exhibits 1 through 8 were offered in evidence.)

MR. VERITY: That's all we have.

MR. NUTTER: Any questions of the witness? Mr. Payne.

#### CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Cleary, do you presume that the latest survey taken is the correct one?

A The Bureau of Land Management has seen fit to accept it, and I'm sure that they have people thoroughly qualified and well acquainted with the situation to know that it is correct, and have accepted it so that I feel that it is correct also.

Q Then, your company would have no objection to reducing the dedicated acreage in these units if a subsequent survey shows that there is actually less acreage?

A That is correct.

Q Now, is it your opinion that rededication should be prospective only -- in other words, from the date that the Order is entered changing the dedicated acreage?

A Yes.

MR. PAYNE: Thank you. That's all.

QUESTIONS BY MR. NUTTER:

Q Mr. Cleary, has the government raised the rent on the property?

A I'm sure our Land Department people would answer that question. I don't have the answer myself.

MR. VERITY: I don't think there is any question, Your Honor, but what the lease is fully amended, and certainly we accept the amendment, so it would apply to all parts of the lease.

MR. NUTTER: So you believe that Delhi-Taylor is paying rent on 581.09 acres at the present time?

MR. VERITY: We are paying rent on the amended acreage that we have here. I don't know what the total of those would be, Your Honor, but they would have to pay rent in compliance with the amended acreage dedications that we have, that we are here asking for.

Q (By Mr. Nutter) Now, in resurveying this, Mr. Cleary, and determining that the Delhi-Taylor acreage here has 581 acres, was any of that acreage taken out of any --

A No.

Q -- offsetting lease?

A No. None. They all remained the same.

MR. VERITY: If your Honor please, actually, we actually don't change anything here. The truth of the matter is that our application really, in effect, asks for a correction of a previous Order that was in error because all of the acreage that is there now was there at the time these previous Orders were made. The only thing about it is it had not been accurately surveyed, and the true acreage was not known.

Q However, in entering the Order amending these previous Orders, is it agreeable with Delhi-Taylor that it be understood that the amendments are effective as of the dates that the Order is entered, --

A Right.

Q -- and there wouldn't be any retroactive to this Order; there would be no underage due these wells because



of their smaller proration units that have been assigned over a number of years?

A That's understood.

MR. NUTTER: Is there anything further in Case 1642?  
Mr. Utz.

QUESTIONS BY MR. UTZ:

Q Mr. Cleary, am I correct in understanding that the section lines and boundary lines remain the same as they were? It is merely a reevaluation of the amount of acreage that was in those boundaries?

A There had to be.--The acreage was there, but there had to be some change on the survey plan itself to reflect additional acreage.

Q Your lease lines have changed?

A The acreage included in the leases surrounding our lease remain the same.

MR. PAYNE: And also the external boundaries remain the same, do they not?

A Well, yes.

MR. VERITY: In other words, Your Honor, there is no moving of the land line with relation to adjacent properties. They haven't said, "Now, you've got so much of the neighbor's land lease acreage." That has not taken place, so that this Cadastral Survey did not move the boundary line of these leases.

MR. UTZ: They are in exactly the same place, the

same barrier and everything else, is that correct?

MR. VERITY: On the land they are the same.

MR. UTZ: So that all the time you actually had the amount of acreage you are now claiming?

MR. VERITY: That's right, that's correct.

MR. UTZ: And you have actually reelevated the amount of acreage in the old boundaries?

MR. VERITY: The Cadastral Survey of the United States Government has reelevated it, and we desire this Commission to take cognizance of that correction.

MR. UTZ: That's all I have.

MR. NUTTER: Is there anything further of this witness? If not, he may be excused.

Does anyone have anything further they wish to offer in Case 1642? Take the case under advisement and take 1643.

MR. VERITY: If you please, Your Honor, I wonder if we could withdraw Exhibits 1 and 2. That will still leave you the plats that show these changes, but will give us the Cadastral Survey and the decision of the Government.

MR. PAYNE: That will be satisfactory, Mr. Verity, if you can make Exhibits 1 and 2 available to us in the event that we subsequently need them.

MR. VERITY: They will be available to you at any time, if you will let us know, and if you think you need them now, you can keep them now, and we will get them later.

MR. PAYNE: You can withdraw them now, that's all right.

MR. NUTTER: Mr. Verity, Exhibit 1 is the letter from the Bureau of Land Management, is that correct?

MR. VERITY: It was described as that. It is actually the decision of the Land Management to change the amount of acreage in the lease on Section 31.

MR. NUTTER: Mr. Verity, I happen to have a copy of that letter. I'd rather keep the Exhibit and give you the copy.

MR. VERITY: That's fine. And 2 was merely the re-survey of the Township.

MR. NUTTER: I think the Commission has a copy of that too.

MR. UTZ: That plat is available through the Bureau of Land Management here in Santa Fe, is that correct?

MR. VERITY: Correct. That's right.

STATE OF NEW MEXICO )  
 ) ss  
 COUNTY OF BERNALILLO )

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 29<sup>th</sup> day of April, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Joseph A. Trujillo*  
 NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1642 heard by me on 4-22, 1959.  
*Samuel M. [Signature]*, Examiner  
 New Mexico Oil Conservation Commission.