

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1683

TRANSCRIPT OF HEARING

JUNE 3, 1959

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE NEW MEXICO  
Phone CHapel 3-6691

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
JUNE 3, 1959

-----  
IN THE MATTER OF: :

CASE 1683 Application of Gulf Oil Corporation for a non-: standard gas proration unit and for an order : force pooling the interests therein. Appli- : cant, in the above-styled cause, seeks the es-: tablishment of a 477-acre non-standard gas : proration unit in the Eumont Gas Pool consist-: ing of the N/2 and the SE/4 of Section 19, : Township 19 South, Range 37 East, Lea County, : New Mexico, to be dedicated to applicant's B. : V. Culp "A" Well No. 3, located 1980 feet from: the North and West lines of said Section 19. : Applicant further seeks an order force pooling: the interests of those in said non-standard : gas proration unit who have gas rights within : the vertical limits of the Eumont Gas Pool. :  
-----

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: Next case on the docket will be Case 1683.

MR. PAYNE: Case 1683. Application of Gulf Oil Corpora-  
tion for a non-standard gas proration unit and for an order force  
pooling the interests therein.

Mr. Examiner, we received a communication from Gulf Oil  
Corporation asking that this case be continued indefinitely.

MR. NUTTER: Without objection, Case 1683 will be con-  
tinued indefinitely.

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 10<sup>th</sup> day of June,  
1959, in the City of Albuquerque, County of Bernalillo, State of  
New Mexico.

Joseph A. Tringola  
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. 1683  
heard by me on 6-3, 1959.

heard by me on \_\_\_\_\_  
 \_\_\_\_\_  
 New Mexico Oil Conservation Commission

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1683

TRANSCRIPT OF HEARING

AUGUST 19, 1959

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE NEW MEXICO  
Phone CHapel 3-6691

# ILLEGIBLE

Page 1

## NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Daniel S. NutterSanta Fe, NEW MEXICOREGISTERHEARING DATE August 19, 1959TIME: 9 a.m.

NAME:

REPRESENTING:

LOCATION:

Ganett E. Whitworth	El Paso Nat. Gas.	El Paso, Tex.
John B. Mason	" " "	" "
F. L. Morgan	Phillips Pet. Co.	Hobbs, N.M.
Chas. [unclear]	attorney	Albuquerque
Bill Easton	Gulf Oil Corp.	Roswell
C. E. MACE	" "	"
V. M. Hendricks	" "	"
Hutch Carina	Gulf Oil Corp.	Roswell
C. P. St. Laurent	Shell Oil Co.	Roswell
H. W. Olson	Shell Oil Co.	Roswell
O. Seth	Seth, [unclear]	Santa Fe
Burns Herrebo	Modrall et al	Albuquerque
J. C. Gordon, Jr.	Magnolia	Hobbs
R. D. Stauffer	"	"
J. H. Rainey	El Paso Natural Gas	El Paso
Jason Kellahf	Kellahf & Fay	Santa Fe
Ronald [unclear]	C. T. [unclear] Co.	North Miller, Okla.
E. E. Fink	"	"

# ILLEGIBLE

Page 2

## NEW MEXICO OIL CONSERVATION COMMISSION

\_\_\_\_\_, NEW MEXICO

REGISTERHEARING DATE August 19, 1959TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
M. A. Langness	Cities Service Oil Co.	Batherville, Okla.
Harold E. Rab	Skelly Oil Co.	Farmington, New Mex.
John B. Greenlee	Skelly Oil Co.	Farmington, New Mex.
Frank E. Luby	State Engineering	Santa Fe
E. I. Motter	Cities Service Oil Co.	Hobbs, N.M.
Don Haebler	Skelly Oil	Irving, Texas
L. C. White	Skelly Oil	Santa Fe

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
AUGUST 19, 1959

-----  
IN THE MATTER OF:

CASE 1683 (Continued) Application of Gulf Oil Corpora-  
tion for a non-standard gas proration unit :  
and for an order force pooling the interests :  
therein. Applicant, in the above-styled :  
cause, seeks the establishment of a 477-acre :  
non-standard gas proration unit in the Eumont :  
Gas Pool consisting of the N/2 and the SE/4 :  
of Section 19, Township 19 South, Range 37 :  
East, Lea County, New Mexico, to be dedicated :  
to applicant's B. V. Culp "A" Well No. 3, lo- :  
cated 1980 feet from the North and West lines :  
of said Section 19. Applicant further seeks :  
an order force pooling the interests of those :  
in said non-standard gas proration unit who :  
have gas rights within the vertical limits of :  
the Eumont Gas Pool. :  
-----

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: The hearing will come to order, please.  
The first case this morning will be Case 1683.

MR. PAYNE: Case 1683. (Continued) Application of  
Gulf Oil Corporation for a non-standard gas proration unit and for  
an order force pooling the interests therein.

MR. KASTLER: If the Examiner please, my name is Bill  
Kastler from Roswell, New Mexico, appearing on behalf of Gulf Oil

Corporation. Our two witnesses in this case will be Mr. Vance Hendricks and Mr. S. H. Cavin.

(Witnesses sworn)

VANCE HENDRICKS,  
called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name, position and employer?

A Vance Hendricks, petroleum engineer for the Gulf Oil Corporation, Roswell, New Mexico.

Q Have you previously testified before the New Mexico Oil Conservation Commission?

A No, sir, I have not.

Q Will you then please state your qualifications?

A After receiving a Bachelor of Science degree in petroleum engineering at the University of Texas in 1950, I joined the Gulf Oil Corporation as an engineer trainee at Plains, Texas. I worked in this capacity for approximately eight months prior to my entry into the U. S. Air Force. After serving in the military for approximately twenty months, I returned to my Gulf employment in Hobbs, New Mexico in November of 1955. Since that date, I have worked in various engineering assignments in both Hobbs and Roswell, New Mexico offices.

Q As a petroleum engineer?



A Yes, sir.

Q Are you familiar with Gulf's B. V. Culp NCTA lease in the N/2 of Section 19, 19 South, 37 East, and with the application that Gulf has submitted requesting a non-standard proration unit in the Eumont Gas Pool?

A Yes, sir, I am.

MR. KASTLER: Is this witness acceptable to the Commission?

MR. NUTTER: Yes, sir. Please proceed.

Q Have you prepared, or have you supervised the preparation of a plat showing the proposed gas unit?

A Yes, sir, I have.

MR. KASTLER: Gulf is submitting this plat which has been marked as Case 1683, Exhibit No. 1.

(Thereupon, Gulf's Exhibit No. 1 was marked for identification.)

Q Mr. Hendricks, would you now please testify as to what Exhibit No. 1 shows?

A Exhibit No. 1 is a plat of the portion of north central Lea County which is pertinent to this case. Outlined in red is the proposed 477.198 acre B. V. Culp "A" gas unit No. 1 "A" upon which Gulf is seeking the Commission's approval. This proposed non-standard proration unit consists of the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, and includes the following four leases: Gulf's B. V. Culp "A" lease, which is

the E/2 of the NW/4, Lot 2, and the NE/4 of Section 19; also Gulf's Graham State "D" lease, which is the S/2 of the SE/4 of Section 19. In addition, Shell's State "D" lease, which is the N/2 of the SE/4, and Phillips Harvey Culp lease, which is Lot 1 of Section 19, Township 19 South, Range 37 East.

Q Is there anything else shown on this plat?

A Yes, sir, there is. Encircled and shaded in red is our B. V. Culp "A" Well No. 3, which is located 1980 feet from the North and West lines of Section 19, Township 19 South, Range 37 East, to which Gulf requests the proposed 477.19 acre non-standard proration unit be assigned. Outlined in green are the existing Eumont gas pool proration units which completely surround the ~~unit~~ unit proposed by Gulf. The Eumont gas wells to which these surrounding proration units are assigned, are designated either by a well symbol with a super imposed cross which indicates a gas-oil dual, or by an open well symbol with a super imposed "X" which represents a singly completed gas well.

Q Mr. Hendricks, will you now outline the history of the B. V. Culp NCTA Well No. 3?

A Gulf Oil Corporation's B. V. Culp "A" Well No. 3, located 1980 feet from the North and West lines of Section 19, Township 19 South, Range 37 East, was originally completed at a total depth of 4,002 feet. On February the 17th, 1936 in the Monument Pool. The seven-inch oil string was cemented at 3813 feet with 450 sacks of cement. On February the 14th, 1956, the subject well

was dually completed in the Eumont Gas Pool by perforating the oil string in the interval 3423 to 3570 feet. This perforated interval is in the Queen formation which is within the vertical limits of the Eumont Gas Pool. Separation of the Eumont Gas Pool from the Monument Pool was effected by setting a Baker Model "D" production packer at 3744 feet. During a multi-point back pressure test conducted on August the 10th, 1956, our Culp "A" Well No. 3 flowed at a rate of 10,116 MCF per day, operating at a back pressure of 799 PSIG. Absolute open flow potential was calculated to be 21,000 MCF per day. Similarly, on August the 23rd, 1958, the subject well flowed at a rate of 2,175 MCF per day, operating at a back pressure of 945 PSIG.

MR. NUTTER: What was the date of that?

A That was August the 23rd, 1958. By administrative Order No. SP 256 dated April the 25th, 1956, this Commission approved a 278.61 acre non-standard proration unit covering the E/2 of the NW/4, Lot 2, and the NE/4 of Section 19, Township 19 South, Range 37 East. This Eumont non-standard gas proration unit, being the B. V. Culp "A" lease, was dedicated to the subject well. In other words, our Culp "A" Well No. 3 has been producing from the Eumont Gas Pool for approximately three and one-quarter years.

Q Mr. Hendricks, do you have any information concerning this well's ability to produce an allowable equivalent to the approximately 480-acre non-standard proration unit which is being

sought here?

A Yes, sir, I do. During the first eight months of 1959, the average Eumont Gas Pool allowable was 200 MCF per day, which would amount to 600 MCF per day for 480 acres. During the peak demand months of January, February and March of 1959 our Culp "A" Well No. 3 produced into the Permian Basin pipeline system a daily average of 5,589, 3,088, and 5,734 MCF per day respectively.

Q What is the distance from Gulf's unit well to the nearest boundary line of the proposed unit?

A 660 feet.

Q As a result of this distance, is it necessary to obtain an exception to Rule 5-A of Order No. R-520?

A Yes, sir, it is. Since Gulf is seeking approval of a 480-acre, that's approximately a 480-acre non-standard proration unit.

Q To your knowledge, has such an exception been previously made by the Commission in the Eumont Gas Pool?

A Yes, sir, I believe in the majority of the 480-acre units in the Eumont Pool this exception has been made. It was made in Orders R-689, R-694, R-803, R-872, R-1045, R-1084, and R-1177.

Q All of those orders established 480-acre or approximately 480-acre spacing units after hearing, is that correct?

A Not in each case has a hearing been held. Some cases by NSP Orders.

Q From the testimony you have presented, what conclusions are you able to draw concerning the proposed 477.19 acre unit?

A First, I'd like to correct my previous statement. Your question again was "Were all these Orders issued after a hearing?" The answer should have been, "Yes, after a hearing." In reference to your last question, in view of the fact that the proposed 477.19 acre Culp NCTA gas unit No. 1 is completely surrounded by producing Eumont gas proration units, it can be reasonably presumed that the entire proposed unit will be productive of gas. And since our Culp "A" Well No. 3 has produced at rates well in excess of the anticipated allowable, there appears to be no reason why the subject well cannot adequately drain and produce the allowable that would have been attributed to the proposed unit.

Q Was Exhibit No. 1 prepared by you or at your direction or under your supervision?

A Yes, sir, it was.

MR. KASTLER: This concludes the questions that I have of this witness on direct testimony, and I would like to move at this time that Exhibit No. 1 be admitted into evidence in Case 1683.

MR. NUTTER: Without objection, Gulf's Exhibit 1 will be admitted.

(Whereupon, Gulf's Exhibit No. 1 was received in evidence.)

MR. NUTTER: Any questions of Mr. Hendricks?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Hendricks, do you feel that if this forced pooling order is not entered that Gulf would be deprived of its opportunity to recover their fair share of the oil and gas-in-place under this acreage?

A Yes, sir, in the proposed 477.19 acre non-standard proration unit.

Q Now, is it physically possible to form a standard unit in there?

A It is not.

Q It is not?

A No, sir, I don't believe it would be.

Q Because all the acreage is already dedicated to Eumont gas wells, all the surrounding acreage?

A Yes, sir, that is correct.

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

QUESTIONS BY MR. NUTTER:

Q Mr. Hendricks, you presently have a proration unit consisting of the N/2 of Section 19 except for Phillips 40-acre Culp lease, is that correct?

A Yes, sir, that is correct.

Q Now, is any of this other acreage that you propose to include in this new unit dedicated to any proration unit?

A At the present time, it is my understanding it is not.

Q Gulf's acreage there in the S/2 of the SE is not dedicated to a gas well?

A Our Graham State "D" lease is not dedicated at the present time.

Q And Shell's acreage on the State "D" lease is not dedicated?

A It is my understanding it is not.

Q Do you feel that that acreage is productive of gas from the Eumont?

A Yes, sir, I do.

Q Likewise, is Phillips' Culp lease dedicated to any gas lease at any time?

A It is not dedicated, no, sir.

Q Do you feel it is productive of gas in the Eumont?

A Yes, sir, I do.

Q What is the present status of your Well No. 3 which is the unit well for the NSP that you presently have?

A Our Culp "A" 3 is currently producing by authority of NSP 256, a 278.41 acre non-standard proration unit.

Q What is the status of that well now? I mean, is it under-produced or over-produced, or what?

A Let me check that, please, sir. That well is under-

produced.

Q It is under-produced?

A I believe that is correct. Let's see. Yes, sir, I believe that is correct.

Q Well, if it is under-produced on a 278-acre unit, don't you think it would be under-produced on a 461-acre unit also?

A Yes, sir, it is possible. I believe the well is fully capable of making the allowable, however, sir.

Q You don't think this under-produced status is due to the inability of the well to produce its allowable --

A Yes, sir.

Q -- but rather the failure of the purchaser to take the allowable from the well or what?

A Yes, sir. I am not fully aware what the nominations by the purchaser are, but that is undoubtedly the case because the well is fully capable of producing the allowable it now has, and the allowable that we are requesting.

Q What was the most recent test that you mentioned on this well?

A That was August the 23rd, 1958, and that was made by the Permian Basin Pipeline.

Q And on that test this well made --

A 2,175 MCF per day operating on a back pressure of 945 PSIG.

Q I see. Who is the purchaser on this well? Is it



Permian Basin Pipeline?

A Yes, sir, Permian Basin.

MR. NUTTER: Anyone have any further questions of Mr. Hendricks? He may be excused.

MR. HENDRICKS: Thank you.

(Witness excused)

MR. KASTLER: Mr. Cavin, will you please take the stand?

THE WITNESS: Yes, sir.

S. H. CAVIN,

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

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name, your address, and your position with Gulf Oil Corporation?

A S. H. Cavin, Roswell, New Mexico, Unit Supervisor for the Contract and Title Unit, Gulf Oil Corporation.

Q Are you a lawyer, Mr. Cavin?

A Yes, sir, I am.

Q How long have you held your present position with Gulf Oil Corporation?

A Since March, 1956.

Q In your present position, do you customarily handle the execution of all the various contracts and unitization agree-

ments of the Roswell District office of Gulf Oil Corporation?

A Yes, sir, I do.

Q Are you familiar with an executed gas pooling agreement known as the B. V. Culp NCTA Eumont gas unit No. 1?

A Yes, sir, I am.

Q Do you have copies of this unit agreement for introduction into evidence here as Exhibit No. 2?

A Yes, sir, I do.

Q Do these copies show that the instrument has been executed?

A Yes.

Q Do you also have an original executed instrument?

A Yes, I do.

MR. KASTLER: Mr. Nutter, I would like to request that the original executed instrument be examined and that the verifax of the executed instrument be admitted for introduction as Exhibit No. 2.

MR. NUTTER: That will be satisfactory.

Q (By Mr. Kastler) Has this instrument been executed by the owners of all working interests in the unit area?

A Yes, sir, it has.

Q Of the proposed 477.19-acre unit?

A Yes, it has.

Q Has it been approved as well by the Commissioner of Public Lands?

A Yes, sir.

Q And are those executions and the Commissioner's approval apparent on that Exhibit No. 2?

A Yes, sir, they are.

Q What other State leases are involved in this proposed gas unit, and where are they located?

A Shell's State lease B-1167 located in the N/2 SE/4 of Section 19, 19 South, 37 East, and Gulf's State lease No. A-1654 located in the S/2 SE/4 of Section 19, 19 South, 37 East.

Q Are Phillips Oil Company and Gulf's Oil Corporation the owners of the only two fee leases involved in this proposed gas unit?

A Yes, sir, they are.

Q Where are those two leases situated?

A Phillips Harvey Culp lease is located in the NW/4 NW/4 of Section 19, 19 South, 37 East, also described sometimes as Lot 1.

Q What is the acreage of that lease? Is it 40-acre or less than 40?

A The acreage is less than 40.

Q And where is Gulf's lease, fee lease situated in this proposed unit?

A Gulf's Baxter V. Culp lease is located in Lot 2 or the SW NW/4, and the E/2 NW/4 and the NE/4 of Section 19, 19 South, 37 East.

Q And Gulf's Baxter V Culp lease is presently dedicated or ascribed to the unit well and is producing from the Eumont gas zone?

A Yes, sir.

Q Referring now, to Gulf's B. V. Culp lease, how many persons or parties are there who are presently receiving royalty or who are shown currently to own mineral interests in the premises covered by Gulf's lease?

A There were sixty-five, according to our record.

Q How many of those sixty-five royalty owners have been contacted by Gulf in an attempt to obtain their consent and ratification to the B. V. Culp gas Eumont No. 1?

A All the owners have been contacted.

Q Are there other persons owning future or contingent mineral interests in the lands covered by Gulf's B. V. Culp lease?

A Yes, sir, there are.

Q How many of these parties have been contacted in an attempt to pool their interests?

A All known parties who could be located owning future beneficial interests have been contacted.

Q By you or at your supervision and direction, is that correct?

A Yes, sir, that is correct.

Q Referring now to the Phillips Harvey Culp lease in the Lot 1 or the NW NW of Section 19, do you have any information con-

cerning the number of persons or parties who are presently receiving royalty or who are currently shown on public records to own mineral interests in the premises covered by Phillips' lease?

A We are informed by Phillips that there are approximately thirty-three.

Q Do you have any information as to whether Phillips has undertaken to obtain these parties' consent and ratification to the gas pooling agreement by contacting each and every owner?

A Yes, sir, we are informed and have copies of consent and ratification instruments executed by those parties.

Q They have all been contacted?

A Yes, sir.

Q Has contact, then, also been made with all known parties in Phillips' lease who own future or contingent mineral interests in the land as well?

A Yes. We are so informed.

Q Considering the owners of present working interest and royalty interest only, that is, the present owners of interest, what percent of the total production of the 477.19-acre proposed unit has at this time been committed to the unit agreement?

A In excess of 99 percent.

Q Who are the present royalty interest owners who have failed to consent or ratify this agreement?

A Margaret Louise Estes, Frances Louise Cramer, H. B. Fuqua. Interested executor of the estate of Moores, deceased.

Q How do you spell Moores?

A M-o-o-r-e-s, I believe.

Q Proceed.

A The estate of Alfred V. C. Gennung, G-e-n-n-u-n-g, deceased. Florence A. Hancock, Karl E. Magenheimer, M-a-g-e-n-h-e-i-m-e-r. M. H. McGrail, Southern Petroleum Exploration, Incorporated.

Q Now, as I understand it, all of these parties own present interests amounting to less than 1 percent of the total working and royalty interests in the 477.19 acres?

A That is correct.

Q In your opinion, Mr. Gavin, why is it necessary or advisable to solicit the consents and ratifications from parties who own only future or contingent mineral interests?

A I believe that will be necessary so that the parties be bound should those interests be vested at some future time. They will be committed to the agreement.

Q In other words, if they should obtain in the future or should possibly obtain mineral interests in these premises, then their interests will then be committed to the Baxter V. Culp agreement, is that correct?

A Yes, sir.

Q Who are the future or contingent royalty interest owners who have failed to consent and ratify?

A Sally B. Oenbe Bigler. A. R. Leftwich, Max Leftwich, Mary Josephine Romanson, Morris M. Leftwich, Park Templeton Grimes,

an incompetent person, Mary Elizabeth Grimes, a minor, Charles Winifred Grimes, II, a minor.

Q Is that -- correction of that name. Is that Charles Winifred or Charles Wilford?

A Wilford -- I beg your pardon. Lady Jane Grimes, a minor.

Q Have copies of this amended application been mailed to all parties who have not signed or consented to ratify the agreement?

A I'm so informed.

Q All those whom you have identified here?

A Yes, sir.

Q Have notices of the hearing been published concerning this application in the Santa Fe New Mexican in Santa Fe County and the Hobbs Daily News Sun in Lea County?

A I'm so informed.

Q Were all of these parties who have failed to sign, named in the notices?

A Yes, sir, they were.

Q Were there other parties named who have, since the notice was prepared, who have since tha time consented and ratified?

A Yes, sir, several.

Q Mr. Cavin, do you know of any way that the correlative rights of any party in interest in the proposed B. V. Culp Eumont

gas unit No. 1 could be adversely affected by approval of this unit?

A No, sir, I do not.

MR. KASTLER: These are the only questions I have of Mr. Cavin at this time, and I would like to move that Exhibit No. 2 be -- the executed copy of the agreement, be admitted into evidence.

MR. NUTTER: Without objection, Gulf's Exhibit No. 2 will be entered.

(Thereupon, Gulf's Exhibit No. 2 was received in evidence.)

MR. NUTTER: Any questions of the witness?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

#### CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Cavin, have any of the royalty owners objected? By that, I mean have they taken affirmative action rather than just fail to execute?

A No. The only instances that we have noted in our records, people have inquired as to the facts relating to the gas production and the size of the unit and prorations that would be allocated to the unit after it was completed, and some of the parties whom we have replied to have not executed the consent and ratification.

Q Now, Mr. Cavin, do you know who the owner is of the



40 acres on which this well is located?

A The ownership is -- surface or mineral?

Q Mineral?

A The ownership is highly diversified. There are sixty-five royalty owners to whom we are currently paying, royalty owners, an undivided interest on that 40-acre tract.

Q You are only seeking here to force pool the Eumont Pool, is that right?

A Yes, sir.

Q Is there any possibility of this becoming a Eumont oil well, and if so, what happens then?

A Not to my knowledge. There is a provision in the event the well is to be reclassified that the operator may furnish another well at his discretion.

Q But if this were a Eumont oil well, you would not have these interests, forced pool, is that right?

A You mean if it were currently a Eumont --

Q No, if it subsequently becomes a Eumont oil well? You are just for pooling the Eumont gas?

A That's right.

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

MR. NUTTER: Any other questions of Mr. Cavin?

QUESTIONS BY MR. NUTTER:

Q Mr. Cavin, how do you spell your name? C-a-v-i-n?

A Yes.

Q Who is the royalty owner under Shell's State "V" lease?

A State of New Mexico.

Q Has the State of New Mexico agreed to the communitization?

A Yes, sir. Exhibit No. 2 shows that.

Q Who is the royalty owner under Gulf's Graham State lease?

A The State of New Mexico is also royalty owner of that lease.

Q Has the State of New Mexico agreed to that communitization?

A Yes, sir.

Q And there are thirty-three royalty owners under Phillips' Culp lease, correct?

A Yes, sir.

Q Plus some other future interest owners in there?

A That is the information that we've received from Phillips.

Q And there are sixty-five royalty owners under your B. V. Culp lease, plus some future interest owners?

A Yes, sir, that is correct.

Q Now, you stated that you have been informed that these people had been notified of these proceedings. Who informed them, you?

A Our Roswell District Law Department.

Q How did they notify these people?

A It is my understanding they were notified by regular mail.

Q Now, you mentioned all notices had been printed in the Hobbs paper, or the Eddy County paper, and the Lea County paper, didn't you?

A The Hobbs Sun and the Santa Fe New Mexican, I believe. They have published those notices, according to the information I received from the Roswell District Law Department.

Q Who published that notice, Gulf Oil Corporation, or was that a publication by the Oil Conservation Commission?

A I believe that is a publication by the Oil Conservation Commission.

MR. KASTLER: Mr. Nutter, may I speak to clear up these points?

MR. NUTTER: Yes, sir.

MR. KASTLER: In our application, in Paragraph, I've noted that the copies of the amended application were mailed on this certain date to all of the parties whose addresses are shown and also that the operators owning interest in other sections failed to state -- qualify that, that the offset operators owning interests in Sections 17, 18, 20, 29 and 30 in 19, 37, and in Sections 13, 24, 25 of 19, 36 had been notified. So, the word "offset" should be inserted by interlineation in the fifth line of Paragraph 8 of the application. Now, the publications. The

first publication was made, and then at the request of the Legal Department of Phillips at Midland, we asked Mr. Payne to republish and name particular parties against whom we thought we might have to force pool. Those parties have been named here by Mr. Cavin.

MR. NUTTER: So the parties that have not actually consented to this thing have been named in the publication?

MR. KASTLER: Yes, sir, they all have.

MR. NUTTER: I see.

Q (By Mr. Nutter) Mr. Cavin, you also mentioned that there was a provision that if this well should be reclassified that the operator of the unit could at his option dedicate another well to the unit. Is this in this gas pooling agreement, Exhibit No. 2, anywhere?

A I believe that the last page, the first complete sentence on that page, will explain the situation.

Q In other words, what this sentence says, in effect, is that if the presently dedicated well should fail to produce gas or is reclassified by the Commission, then the unit wouldn't terminate if the operator dedicates another well or provide for another means of producing gas?

A Yes, sir, that is correct.

Q Now, is it your understanding, then, that if they don't provide another gas well, that the unit would terminate?

A Yes, sir, that is my understanding.

Q I see.

MR. NUTTER: Any further questions of Mr. Cavin? He may be excused.

MR. CAVIN: Thank you, sir.

(Witness excused)

MR. KASTLER: Plaintiff rests.

MR. NUTTER: Does anyone have anything further in Case 1683?

MR. PAYNE: Mr. Examiner, we have received a communication from Shell Oil Company, who is a working interest owner in 80 acres of this proposed unit, and they urge the approval of Gulf's application in this case.

MR. NUTTER: Any further correspondence, Mr. Payne?

MR. PAYNE: No, sir, that's all.

MR. NUTTER: If there is nothing further in Case 1683, we will take that case under advisement and take Case 1739.

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 4<sup>th</sup> day of September 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

  
NOTARY PUBLIC

My Commission Expires:

October 5, 1960