

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
June 22, 1960

EXAMINER HEARING

IN THE MATTER OF:

Application of Great Western Drilling Company for an order force-pooling the interests in a 200-acre non-standard gas proration unit in the Eumont Gas Pool. Applicant, in the above-styled cause, holder of a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 NE/4 of Section 32 and the E/2 NW/4 and NW/4 NW/4 of Section 33, all in Township 19 South, Range 37 East, Lea County, New Mexico, seeks an order force-pooling all interests in said unit within the vertical limits of the Eumont Gas Pool, including interests of the following persons who have not consented to communitization: S. E. Cone, c/o J. R. Cone, Attorney-in-Fact, Great Plains Life Building, Lubbock, Texas, Abner M. Jack, Box 423, Scooba, Mississippi, and W. M. Beauchamp, Ancillary Guardian of the Estate of William Howard Jack, c/o District Clerk, Lovington, New Mexico and also the following persons whose addresses are unknown: Henry Hall, the Estate of Fred B. Caylor, B. A. Bowers, The Estate of George F. Henneberry, deceased, Mrs. Joy Mabel Stanley, and The Heirs of Elizabeth A. Anderson, and also an unknown person whose address is unknown.

Case 1998

BEFORE: Daniel S. Nutter, Examiner.

## TRANSCRIPT OF HEARING

MR. PAYNE: Application of Great Western Drilling Company for an order force-pooling the interests in a 200-acre

**DEARNLEY-MEIER REPORTING SERVICE, Inc.**

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



non-standard gas proration unit in the Eumont Gas Pool.

MR. CHRISTY: Sim Christy of Hervey, Dow & Hinkle for the applicant, Great Western Drilling Company.

MR. NUTTER: Are there any other appearances to be made in Case 1998?

MR. HARTLEY: Earl Hartley for H. L. Lowe, Lowe Land Company and Nettie Lowe Estate.

MR. CHRISTY: We have two witnesses, Mr. Examiner.

(Witnesses sworn.)

(Whereupon, Applicant's Exhibits 1 through 6 were marked for identification.)

MR. CHRISTY: Mr. Examiner, you are probably aware this is an application for forced pooling in the Eumont Gas Pool. The testimony will bear out we have determined addresses of certain persons sought here to be forced pooled. I have the registered return receipts from mailing application. The first one in order is Mr. S. E. Cone, Mr. W. M. Beauchamp, Guardian, H. L. Lowe, Abner M. Jack and also as the testimony will bear out, we have now determined the name of one additional person, May Williams. I have the registered return receipt on here. She lives in Monument, New Mexico.

MR. NUTTER: Would this be the one that we advertised as an unknown person with an unknown address?

MR. CHRISTY: I don't know. I think she's one of the

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



two acre people.

MR. NUTTER: Is that the owner of all of the interest in Tract No. 2-B as shown on your application?

MR. CHRISTY: No, sir. It's a part of it, yes, it is.

MR. HUCKABY: It is a part of it.

MR. CHRISTY: I believe we can clarify a little on that unknown, unknown. It is a mess. I might also state to the Commissioner that at the time we filed the application we had understood that H. L. Lowe owned the interest shown at Page 2 of the application. I believe a portion of it is owned by the Lowe Land Company, another by the Nettie Lowe Estate, another portion with Mr. Lowe personally. However, his attorney is here for all three owners.

JOHN HUCKABY

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

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you please state your name, address and occupation?

A John Huckaby, Land Man with Great Western Drilling Company in Midland, Texas.

Q Are you familiar with the area involved in this application?

A Yes, sir.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

MR. NUTTER: How do you spell your name, please?

A H-u-c-k-a-b-y.

Q Have you made an examination to determine the ownership of the interest sought herein to be force-pooled?

A Yes, sir.

Q What is that examination based on?

A Based on an examination of the record-to-record check in the abstract office and examination of abstracts and division orders furnished by the pipeline company.

Q Those are old abstracts, are they not?

A Yes.

Q Now, I believe a communitization agreement has been entered into by substantially all of the people in the area shown in yellow in Exhibit 1?

A Yes.

Q That was the subject of a previous hearing before this Commission in Case No. 1944, was it not?

A Yes, sir.

Q Briefly, is that a standard Federal communitization agreement?

A Yes.

Q And you have Federal lands in Section 33 and fee land in Section 32?

A Yes.



Q Would you tell us the apparent ownership of the lands in yellow on Exhibit 1 in Section 33, that is the East Half, Northwest and the Northwest, Northwest? First of all, who's the operator lessee on that?

A In 33?

Q Yes.

A Great Western Drilling Company is the operator.

Q That is Federal acreage? A Federal acreage.

Q Who is sought to be force-pooled in that area in this application? What interest do those people own?

A S. E. Cone, who has a .375% overriding royalty interest; Henry Hall, who has a .013% overriding royalty interest.

Q Have you ever been able to determine where Mr. Hall is?

A We have never been able to determine Mr. Hall.

Q What are they doing, impounding his runs?

A Yes. The Estate of Fred B. Caylor, who has a .012% overriding.

Q Again, have you been able to determine an address on that?

A We have been unable to locate Mr. Caylor.

Q Same, impounding? A Yes.

Q You said the balance of it has been communitized in the agreement?

A That's right.

Q Now, let's take the Southeast, Northeast of Section 32.



Who is the lease operator there?

A Southeast of the Northeast of Section 32, Great Western is the operator.

Q That is fee land? A Yes.

Q Who are sought to be force-pooled in that 40-acre tract?

A B. A. Bowers, who has a .005% royalty interest, whose address we have not been able to determine; the Estate of George F. Henneberry, deceased, who has a .04% royalty interest and whose address also we have not been able to obtain; and H. L. Lowe, who has a .01% royalty interest.

Q Now, those interests you have just spoken of in Section 32, I believe they're in a 31-acre tract in that 40?

A Yes, that is correct.

Q Now, let me refer you to Exhibit No. 2 momentarily before you continue. Does that depict the 32-acre tract you are speaking of?

A Yes, it does.

Q That is a tract under lease? A Yes, sir.

MR. CHRISTY: Let me correct that. I believe Exhibit 3 shows it a little more clearly than Exhibit 2.

Q Those are the interests, those last three people you named are the interests you are seeking to force-pool under the 31-acre tract who have not joined the communitization agreement?

A That is correct.



Q With the exception of Lowe, you don't know where they live?

A That's right.

Q Let's continue on the other 9 acres in the 31-acre tract and before you start I wish you would briefly explain what Exhibits 2 and 3 are.

A All right. Exhibit 2 was drawn so as to try and show the meets and bounds descriptions of several tracts composing approximately 9 acres in which there seems to be some discrepancy, some overlap, some hiatuses. We have drawn them as they are set out in the deeds and then in Exhibit 3 we have shown how we believe what the intention was so far as the land description involved is. In other words, if you look at Exhibit 3 you will see that we have executed that 2.55-acre tract over to the East so that it fits in there and there would no longer be that overlap there of four-tenths of an acre.

Q Is that overlap and hiatus condition as shown on Exhibit 2 contributing to the difficulty of determining the ownership?

A Yes, sir, it certainly does.

Q So we have here in our 9 acres a .48-acre tract, a 2.55-acre tract, a 1-acre tract, a 4.44-acre tract and a .53-acre tract. That would be shown on Exhibit 3?

A Yes.

Q Would you tell us briefly who the persons are you seek



to force-pool in those different tracts totaling the 9 acres?

A All right. In the first tract, beginning West side, that .48 acres, that is owned entirely by H. L. Lowe, the 2.55-acre tract is owned three-fourths by Lowe and one-fourth by Fred Manley.

Q Have you endeavored to find out where he lives, Fred Manley?

A Yes, we have, but we have been unable to locate Mr. Manley.

Q Did you check in Hobbs, he used to live in Hobbs?

A Yes, we did. He is no longer a resident there.

Q Find any leads on him?

A Unable to find anything at all that would lead to his present whereabouts. Then the .53-acre tract, we believe possibly may be owned by May Williams.

Q That's the lady you mentioned earlier as in Monument, New Mexico that you mailed a copy of the application in this case to?

A Yes, sir. Then the 4.44-acre tract is owned entirely by Lowe, the 1-acre tract up in the Northeast portion there we believe is possibly owned by W. L. Crutchfield.

Q Have you made an effort to find Mr. Crutchfield?

A Yes, sir, we have and we can't locate him.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO





Q He was the original lessor of the 31-acre tract in the South portion of the same 40, wasn't he?

A Yes, sir, that's correct. And all of the transaction, the acknowledgments and so forth, were taken in Lea County, New Mexico and we contacted several people in Lovington and other places in Lea County but we're unable to get any leads indicating his present whereabouts.

Q You mentioned that May Williams apparently owned the .53-acre tract and Crutchfield apparently owned the 1-acre tract. What do you mean by that, apparently?

A I mean that I'm not sure of the description of the land which they own because of the meets and bounds description.

Q Do there appear to be some errors?

A Yes, sir, there certainly does.

Q Now, I'll refer you to the Northeast, Northeast of Section 32 which is the remaining 40 acres in the 200-acre yellowed area in Exhibit 1. Would you tell us who are the owners there? First of all, who is the leasee operator?

A The Texas Company, Texaco.

Q That is fee land?

A Yes, it is fee land.

Q How many mineral acres do they have on the lease?

A They have 38 acres, mineral acres under lease.

Q Who appears to own the other two acres?



A We're not certain as to the ownership of the other two acres. The title on that is rather confused and we have been unable to determine the ownership of the other two acres.

MR. CHRISTY: At this time I would like to mention to the Examiner that the identical problem on that two acres was involved in the Commission's Case 117, Order 739 of April 9, 1948, of which I have a copy here and at that time you could not determine who the ownership was. About the best you could determine was that it belonged to the Elizabeth A. Anderson Heirs or maybe some additional people. In that same case an order of all oil and gas were communitized within that 40. We seek here to either bolster or add to that particular order by communitizing gas in this entire 200 acres, but I believe it has been the subject of a prior hearing here.

Q Now, in that 40 acres, Mr. Huckaby, the Northeast, Northeast of 32, who do you seek to force-pool here?

A Mrs. Joy Mabel Stanley, who has a .0375% royalty interest.

MR. NUTTER: That is Joy Mabel Stanley?

A Yes.

MR. NUTTER: Her percent?

A .0375%.

Q Have you located her?

A No, we have not been able to locate her and the pipeline company has impounded her runs also.



Q All right.

A The Heirs of Elizabeth Anderson, who has a .54343%.

MR. NUTTER: That percent again?

A .54343% royalty interest, and we have been unable to determine just exactly who all the Heirs of Elizabeth Anderson are; Abner M. Jack, who has a .20625% royalty interest; W. M. Beauchamp, Ancillary Guardian of the Estate of William Howard Jack. He has a .39375% royalty interest, and Mr. Jack and Mr. Beauchamp have been contacted.

Q Been notified of this hearing and sent a copy of the application?

A Yes.

Q Under the communitization agreement which has previously been executed by all of the other parties not sought to be force-pooled in here, you are seeking there to communitize the dry gas from the vertical limits of the Eumont Gas Pool, is that correct, within the 200 acres shown on Exhibit 1?

A Yes, sir.

Q I believe that agreement provides it is effective at the date production of communitized substances are allocated to the communitized area by this Commission?

A Yes, sir.

Q You say you have some old abstracts on the land?

A Yes.



Q In 19 what?

A We have some up to 1937 pertaining to the Southeast Quarter of the Northeast Quarter of Section 32 insofar as it covers the 31 acres that we have been talking about. It excludes the 9 acres.

Q We have no abstracts on the 9 acres?

A We have none.

Q That's where the meets and bounds overlap and you get into the hiatus of the problem?

A Yes.

MR. CHRISTY: I believe that's all from this witness, Mr. Examiner.

MR. NUTTER: Are there any questions of the witness?

MR. PAYNE: This witness is just testifying as to the ownership generally?

MR. CHRISTY: Correct. We have another witness. I might also state to the Commission that although we include Mr. Lowe, et al, in this application, I believe that an agreement has been reached with them with respect to obtaining leases on their interest.

MR. HARTLEY: That's correct. Lease arrangements have been made to include Mr. Lowe's interest in the 9 acres and also whatever interest may show to be in the Lowe Land Company and the Nettie Lowe Estate, all of which I represent. They will all ratify the communitization agreement as it has been presented.



It will also include Mr. Lowe's portion of the 31 acres.

MR. NUTTER: Thank you.

CROSS EXAMINATION

BY MR. NUTTER:

Q Now, as I understand it, Mr. Huckaby, the 120-acre tract in Section 33 is owned by Great Western?

A Yes, sir.

Q And you have some overriding royalties here, being .375, S. E. Cone; .013, overriding royalty Henry Hall; the Estate of Fred Caylor has an overriding royalty interest in the amount of .012%?

A Yes, sir.

Q These percents that you are referring to are percents of the entire 200 acres, is that correct?

A No, they would be the percentages of the individual tracts in which they are involved.

Q I see, so in other words, Cone, his 375 is .375% of this 120-acre tract here and that's all?

A That's right.

Q So his percentage of the total 200 would be considerably less?

A Considerably less, yes, sir.

Q Then we proceed to the 31 acres in the Southeast of the Northeast of 32 and Great Western is the owner of that?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A Yes, sir.

Q There are two or three minor interests, there being five-thousandths of one percent to Bowers?

A Yes.

Q Four-hundredths of one percent to the Estate of George Henneberry?

A Yes.

Q And one-hundredth of one percent to H. L. Lowe?

A Yes, sir.

Q And then the 48-hundredths, 80-acre tract is owned entirely by H. L. Lowe?

A Yes, sir, yes, sir.

Q That's a hundred percent? A Yes, sir.

Q The 2.5-acre tract is owned three-fourths Lowe and one-fourth Fred Manley?

A Yes, sir.

Q The .53-acre tract is probably owned by May Williams?

A Yes, sir.

Q The 4.44-acre tract is owned 100% by H. L. Lowe?

A Yes, sir.

Q And W. L. Crutchfield probably owns the 1-acre tract?

A Yes, sir.

Q Hundred percent?

A Yes, sir, that's correct.



PHONE CH 3-6691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

Q Then in the Northeast of the Northeast of 32, Texaco owns 38 acres?

A Yes, sir.

Q And 2 acres are owned by somebody else?

A Right.

Q Then there's some minor interests here, being .0375%, Joy Mabel Stanley; the Heirs of Elizabeth Anderson, .54343%; Abner M. Jack, who has a .20625% royalty interest and W. M. Beauchamp, Ancillary Guardian of the Estate of William Howard Jack, a .39375% royalty interest. That covers the entire 200 acres then?

A Yes, sir.

MR. NUTTER: Are there any further questions of Mr. Huckaby?

MR. CHRISTY: I would like to ask one more.

REDIRECT EXAMINATION

BY MR. CHRISTY:

Q I hand you what has been marked as Applicant's Exhibit 5 and ask you if that is the communitization agreement of which you have been speaking here today.

A Yes, sir.

Q That is a fully executed copy?

A Fully executed copy.

MR. CHRISTY: That's all the questions I have.



MR. NUTTER: Is that a communitization agreement between Texaco and Great Western?

MR. CHRISTY: It's between all the parties except whom we wish to force-pool. I thought the Commission might like to have a copy to see what it looks like.

MR. NUTTER: Texaco has communitized this interest with Great Western?

A Yes, sir.

MR. CHRISTY: That will show on Exhibit 5 that they have it.

MR. PAYNE: Is this up-to-date?

MR. CHRISTY: This is it.

MR. PAYNE: Mr. Lowe and the Lowe Land Company have executed this?

MR. CHRISTY: No, they have agreed to but they have not signed it.

MR. HARTLEY: No.

MR. NUTTER: Are there any other questions of Mr. Huckaby? He may be excused.

(Witness excused.)

MR. CHRISTY: We would like to offer at this time in evidence Exhibits 1, to 3. Then we will also offer in evidence Exhibit 4, which is the Commission order in Case 117, which I have spoken of and offer in evidence Exhibit 5, being the fully

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO





executed communitization agreement of which I have previously spoken.

MR. NUTTER: Great Western Exhibits 1 through 5 will be entered in evidence.

O. H. CREWS

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

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Will you please state your name, address and occupation?

A O. H. Crews, General Superintendent of Great Western Drilling Company, Midland, Texas.

Q Mr. Crews, have you previously testified before this Commission as a petroleum engineer?

A Yes, I have.

Q Are you familiar with the application in this case and what is sought by it?

A Yes.

Q Are you familiar with the Bordages well which is shown on Applicant's Exhibit 1?

A Yes.

Q And ~~its~~ producing history?

A Yes, sir.

Q Now, what formation is that well producing from?

A The Queens formation.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



Q About what depth? A From 3530 to 3580.

Q What type of gas is that? A Dry sour gas.

Q You have a market for it? A Yes, sir.

Q Who is it being sold to?

A Southern Union Gas Company.

Q And I believe that the 200 acres shown in yellow on Exhibit 1 have previously been assigned as a non-standard pro-  
ration unit in the Eumont Field by Case No. 1944, is that correct?

A That is correct.

Q Are you familiar with those Eumont rules?

A Yes, sir.

Q And the allowables assigned to a non-standard formation?

A Yes, sir.

Q What is that well capable of producing? Is it capable  
of producing a full 200-acre allowable under the Eumont rules?

A Yes, sir.

Q About what would it have to average to produce that?

A Of course, that varies each month and it would be very  
difficult for me to say what they are going to use.

Q Yes.

A But I would say somewhere in the neighborhood of seven  
million feet a month.

Q About how many days a month would you have to produce  
the well to gain that much production?



A About fourteen or fifteen days at the present choke we have in the well.

Q Is that kind of an average well in the Eumont Pool or good or fair or what?

A It is considered above average, one of the best, I would say.

Q In your opinion will that well effectively and efficiently produce the allowable assigned to it under the Eumont rules on the 200-acre non-standard unit?

A It will.

Q With relation to this application for forced pooling, would the granting of the application violate any of the correlative rights of these people sought to be force-pooled?

A No, it wouldn't.

Q In your opinion would the failure to grant the application result in waste?

A Yes.

Q What is the status of the well's production, and before you answer it, I might mention to the Examiner the reason I ask the question is because of the order in the prior Case 1944, it states that it is effective, the order of the 200-acre non-standard unit is effective May 1, 1960 or as soon thereafter as that well is brought into balance or substantially in balance.

Now, with respect to that, Mr. Crews, could you tell us

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



what the production of the well is, the recent production?

A Yes. I have the production history of the well for the past eighteen months with me. As a matter of fact, we just received order from the Commission in May to shut the well in because of overproduction. I have, as of May 1st, we had 2,112,000, overproduced the well at that date.

Q What is the situation now, or say at the end of June?

A At the end of June, with the June allowable, which is for the 120-acre allowable, 4,258,000, and subtracting the overproduction, we will be under the allowable by keeping the well shut in the entire month of May. That is most of the month of May, and we produced it thirteen days in May and the entire month of June, we will be under the allowable 2,146,000 on the first of May.

Q So it will be back in balance by July 1st?

A It will be back in balance.

Q Minus?

A Minus, yes.

MR. CHRISTY: The reason I mentioned that, Mr. Examiner, if the application is granted here I think it might be well to make it effective July 1st, therefore the 200 would become effective at July 1st, the forced pooling would be effective July 1st. The forced pooling would be effective July 1st. They would all tie together that way.

Q You mentioned that you had the production history on this well for the last eighteen months, that is Exhibit 6?



PHONE CH 3-6691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

A Yes, sir.

Q You know those figures are correct?

A They are.

MR. CHRISTY: We would like to offer in evidence Applicant's Exhibit 6, and I believe that's all we have from this witness.

CROSS EXAMINATION

BY MR. NUTTER:

Q The well didn't make it back in balance during May?

A No, sir.

Q But it did during June? A During June.

Q So, then, according to Order 1663, the order becomes effective the first day of the month following the month in which it did make it in balance and that would be in June, so it will become effective July 1st?

A July 1st, yes.

BY MR. PAYNE:

Q Mr. Crews, if we made it effective July 1st and the well is underproduced, then the well would be using the 80 acres in Section 32 to make up the underproduction?

A As a matter of fact, we would be giving them 2,122,000 feet of gas.

Q That's right, but you have different parties involved, so before, ~~where~~ you have been taking away from one party or a



number of parties in 120, this time you are giving it to the 80?

A Right.

Q Now, that takes away from some of the parties who you have to force-pool in the 120, is that right?

A Yes, but that would be rather an infinitesimal sum.

Q Those are the ones where the ownership is relatively small?

A Yes.

Q In the 120-acre unit? A Right.

MR. CHRISTY: I might state to the Examiner it's approximately four-tenths of one percent and if anyone screams, we will be glad to pay them the difference, because we can never come out with a first of the month that is even. We will be glad to pay them four-tenths of one percent.

MR. PAYNE: Either that or treat it as ~~deminimis~~??

MR. CHRISTY: Mr. Payne is entirely correct.

MR. NUTTER: Any further questions of Mr. Crews?

MR. CHRISTY: I think I have offered all my exhibits.

MR. NUTTER: Here's a new one.

MR. CHRISTY: Didn't I offer Exhibit 6? If I didn't I would like to.

MR. NUTTER: Great Western's Exhibit 6 will be entered in evidence. Do you have anything further?

MR. CHRISTY: No, sir, we do not.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



MR. NUTTER: Does anyone have anything further for Case  
1998?

STATE OF NEW MEXICO )  
 : SS  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 27th day of June, 1960.

*Ada Dearnley*  
Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 1998  
heard by me on 6/22, 1960  
*Ada Dearnley*, Examiner  
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

